
*Canada
in the Modern World*

*Lawrence
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CANADA IN THE MODERN WORLD

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ELIZABETH THE SECOND

*by the Grace of God of the United Kingdom, Canada, and
her other Realms and Territories, Queen, Head of the
Commonwealth, Defender of the Faith.*

Canada in the Modern World

Bertha Lawrence

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Edgar McInnis

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FOREWORD

Canada in the Modern World is a social studies textbook for students at the Grade XII or senior matriculation level. The book has been divided into five units, the two historical units, namely Units Three and Four, forming the core of the work. Unit One is a geographical unit dealing with the influence of geography on Canada's development as a nation; Unit Two, the economic unit, develops the picture of Canada's external trade and shows its importance in the life of the Canadian people; Unit Five is concerned with civics, tracing the development of local government in Canada and outlining some of the main problems in Canadian politics today. Each unit is introduced by a 'Point of View'. This is chiefly for the use of the teacher and sets forth in general terms the subject matter of the unit and the point of view from which the material has been developed.

While Units One and Five contain all new material, the rest of the book is based to a large extent upon *North America and the Modern World* by Professor Edgar McInnis, formerly Professor of History of the University of Toronto. In Unit Two, Chapter V consists mainly of Professor McInnis's material. In Units Three and Four, Chapters VII to XII inclusive and Chapters XVI to XXII inclusive are also taken from *North America and the Modern World*, slight additions having been made to Chapters XIX and XXII. In Chapters XIII to XV, Professor McInnis's book has been used as a basis, but much new material has been added.

The authors wish to express their thank to Dr. W. C. Wonders, Professor of Geography at the University of Alberta, to Dr. H. B. Mayo of the Department of Political Economy, University of Alberta, and to Mr. T. C. Byrne, for their invaluable help, advice, and encouragement during the preparation of the manuscript.

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Unit One

The Role of Geography in the Development of Canada

POINT OF VIEW

Geography influences people and guides or modifies their cultures. Canadian affairs traditionally exemplify a pull between geography and history, with geography frequently providing the stronger force. Geography influences the nature of our industries and our vocational emphases. In *Unit III* of *Social Studies 20* we have seen that natural boundaries influenced the development of nations, and in Canada, too, geography has influenced and hampered the growth of the national identity. Geography frequently dictates national interests. As the pull of tradition is weakened with the passing of the centuries, our people begin to think and behave more and more as Canadians and North Americans. The two cultural streams in Canada, English and French, though dissimilar historically, are acquiring through the same geographical influences many characteristics in common. The conquest of the northern half of the continent with its arctic frontiers has given a new character to Canadian nationalism. The problem of Canadian security has become essentially a North American problem based on Canada's position relative to the continents of Europe and Asia.

This unit focuses attention on the physiographic regions of Canada as part of the North American continent. A study of the influences of these regions on industrial development, on settlement, and on trade and transportation, is important for the understanding of the problems of national growth. A review of Canada's resources in the materials vital to the new developments in industry sheds light on Canada's future in the last half of the twentieth

century. We have now entered the air age; the influence that Canada exerts as a nation in this new era depends not only on the quality of its people but also on its supply of vital materials and its unique geographic setting.

CHAPTER I

THE GEOGRAPHIC PROBLEMS IN THE PRESERVATION OF CANADIAN UNITY

Primitive man, living in a state of meagre self-sufficiency and barbarism, had no experience of freedom from want or fear. But as man learned to use and even to modify his environment, a great change took place in his way and standard of living. Instead of being self-sufficient he began to specialize, becoming thereby so proficient that he was able to produce more than enough of one product to meet his own needs. This surplus he could trade for other goods, thus raising his standard of living. Surpluses and prosperity freed some classes from the necessity of constant labour, giving them the leisure time to develop those artistic pursuits associated with culture. For the more effective exchange of goods and for greater protection of life and property, men began to live in larger groups or communities each of which evolved its own civilization. Though these civilizations may vary in detail, they are all based upon a degree of specialization, prosperity, and security, without which the cultural life of a community cannot develop. History, or tradition, relates how these early peoples learned to live together, to adapt themselves to their environment, and to modify that environment to meet the changing needs of the community. But geography, by which is meant the climate, soil, resources, plant and animal life, the physical features of a country, and its position in respect to other countries, plays a more active part in developing the civilization and culture of a people. It affects, directly and indirectly, the type of work done, the standard of living, the prosperity, the amount of leisure, and therefore the culture of the community.

Geography plays an especially important part in building up a sense of security. People living in an area with good natural defences often have a sense of security which enables them to devote their energies to activities such as agriculture, crafts, trade,



and art. Consequently, geographic factors help some peoples to become unified nation states, but hamper others. Canada is no exception to the general statement that geographic factors affect the growth of nations, for such factors contribute to her sense of security or insecurity, and hence to her development as a unified nation state. Upon the preservation of Canada's national unity and security, and upon her resources, depend the prosperity and leisure which are so essential to the development of Canadian civilization and culture. In any study of Canadian civilization, therefore, it would be well to begin with an examination of the role played by geography in the formation and preservation of national unity in Canada.

GEOGRAPHIC FACTORS AFFECTING UNITY IN THE PAST

For almost four thousand miles the River Nile flows northwards through a narrow valley flanked by desert sands and bare, red hills, until it discharges its water, through the delta it has built up, into the Mediterranean Sea. These geographical factors, together with the necessity of controlling or conserving some of the flood waters of the Nile, played major roles in the unification of ancient Egypt at the very dawn of history. On the other hand, the idea of political unity was well-nigh impossible to ancient Greeks, isolated as each little community was by mountains. Rome's supremacy in the ancient world depended very largely upon effective use of her central position in Italy and in the Mediterranean. Geographic or natural boundaries were important in the early development of Spain, England, and France, as modern unified nation states, while the lack of natural frontiers in the vulnerable north European plain was an important cause of the very late unification of Germany. But it was history, not geography, that delayed until the last half of the nineteenth century the development of Italian nationalism. Canada's development as a nation state has certainly depended to some extent upon similar geographic influences.

Canada, in area the second largest country in the world, is exceeded in size by the U.S.S.R. only. Except for Alaska, which owes allegiance to the United States of America, Canada stretches

more than 3,000 miles across the entire northern portion of the continent of North America and includes the Arctic Islands. Three oceans wash her shores, the Arctic in the north, the Atlantic in the east, and the Pacific in the west. Canada has only two land boundaries, the southern which separates her from the United States of America, and that part of the western boundary which runs between Canada and Alaska. Mountain ranges, rivers, and lakes, form a considerable part of these two land boundaries. But where natural features are ignored in favour of such scientific concepts as latitude and longitude the international borders become artificial.

THE TEN GEOGRAPHIC REGIONS OF NORTH AMERICA

A study of a physical or relief map of North America reveals ten distinct divisions of the land. The two mountainous regions—the Cordillera and the Appalachian-Ozarks—together with the hilly Canadian Shield, give the continent its framework or skeleton. Between the Cordillera and the eastern highlands lies the Great Central Plain, composed of the High Plains and the Interior Lowlands, while on the eastern edge of the Appalachians is a coastal plain. Four other lowland areas—the Arctic Slope, the Hudson Bay Lowlands, the Gulf of Mexico Lowlands, and the St. Lawrence Lowlands,—together with the Arctic Archipelago, complete the picture.

The Cordillera.

In the extreme west of the continent rises the Cordillera, a mountainous region consisting of Coast Range, plateau, and the Selkirk and Rocky Mountain Ranges. This region stretches from the Bering Sea and the Arctic in the north to the Gulf of Mexico and the Caribbean Sea in the south. After coming together into one range in the isthmus of Panama, the Cordillera continues down the entire west coast of South America to Cape Horn. In Canada this region averages about four hundred miles in width. South of the 49th parallel it broadens out to a width of six hundred miles stretching as far east as Montana, Wyoming, Colorado, and New Mexico. It begins to draw together again in Mexico and Central

America until, in Panama, it measures a scant twenty miles across.

The Coast Range, as the name implies, faces the sea, which cuts into the very heart of the range, following the deep channels formerly gouged out by the glaciers of the Ice Ages. Thus the coast through Alaska and British Columbia is extremely irregular with deep, narrow channels and innumerable sheltering islands. But south of the Straits of Juan de Fuca, where continental glaciation was very limited, the range gives a much more regular coastline with comparatively few inlets or good harbours. Throughout the western length of the Cordillera there is very little coastal plain, for the range dips down sharply to the sea.

The eastern portion of the Cordillera is formed by the rugged Selkirk and Rocky Mountain Ranges. Running roughly parallel to the coast some four to six hundred miles away, they present a steep but broken front to the west, with a narrow foothill belt merging into plains to the east of the Rockies. These ranges form the continental divide, for from their eastern slopes rivers drain into the Arctic, Hudson Bay, or the Gulf of Mexico, while from their western faces, rivers flow into the Pacific.

Between the Coast Range in the west and the Selkirk-Rockies in the east of the Cordillera region, stretches a high interior plateau, across which rush the rivers which arise in the mountainous rim to the east.

The Canadian Shield.

The oldest and most severely glaciated region of North America is variously known as the Canadian Shield, the Pre-Cambrian Shield, or the Laurentian Plateau. The old mountainous portions have been ground down into rounded hills, while the valleys form the basins of innumerable lakes scattered over the area. Lake Superior and Lake Huron lie at the southern extremity of this region; Lakes Winnipeg, Athabasca, Great Slave, and Great Bear, occupy hollows at its curved western edge. At its centre lies the shallow, waterfilled depression known as Hudson Bay. This latter gives the Shield the form of a great horseshoe, one arm of which stretches from the Mackenzie valley to Hudson Bay and the other from the Bay to the Atlantic and the Gulf of St. Lawrence.

The Appalachians.

The second mountainous region, the Appalachians and Ozarks, is neither so long nor so high as the western Cordillera, nor so old as the Canadian Shield. This system extends in a southwesterly direction from Newfoundland in the north, through Nova Scotia,



National Film Board

MONTREAL RIVER

This scene in northeastern Ontario is typical of much of the Precambrian area of eastern Canada.

New Brunswick, and the New England States, to Tennessee, Missouri, and Arkansas in the south, with three major water gaps—the Gulf of St. Lawrence, the Hudson-Mohawk-Champlain, and the Mississippi. In the extreme south, in Missouri and Arkansas, the highlands, separated from the Appalachians by the Mississippi, are known as the Ozarks. They are more distant from the sea and their slopes are much less steep.

The Great Central Plain.

Built up from the sediment carried down from the mountain regions by the rivers, the Great Central Plain, consisting of High Plain and Interior Lowland, extends from the Arctic to the Gulf of Mexico, and from the Rockies in the west to the Canadian Shield and the Appalachian-Ozarks in the east. This great area has three major steppes or levels in the Canadian sector, each separated from the other by physiological breaks. The First

Prairie Level, or **Manitoba Lowland**, is bounded on the north and east by the Canadian Shield, and on the west by the sand and gravel ridges at the easterly foot of the Pasquia Hills and Porcupine, Duck, Riding, and Pembina Mountains, which form the Manitoba Escarpment. The plain thus enclosed forms a great natural basin, dotted with numerous freshwater lakes both large and small, the remnants of the huge glacial Lake Agassiz which, it is estimated, once covered an area of 100,000 square miles. In the southern portion of this former lake bed, much clay and silt have accumulated, forming the fertile soil of the present Red River Valley. South of the international border, the Manitoba Escarpment gradually decreases in prominence until the First Prairie Level melts into the Second. This Second Steppe, or Saskatchewan Plain, is much larger than the First. Bounded on the east by the Canadian Shield and the Manitoba Escarpment, it extends in gently rolling plains, portions of which were former glacial lake beds, to the Missouri Coteau, whose gentle slopes are much less pronounced than those of the Manitoba Escarpment. North of the 60th parallel this steppe merges with the Third Level, while south of the border it tapers off into the Mississippi basin. The streams in this Second Steppe, which has an altitude rising from one thousand to fifteen hundred feet, have cut themselves wide, deep valleys. The Third Prairie Level, or Alberta Plain, with an altitude gradually increasing from fifteen hundred feet to over three thousand feet near Calgary, merges with the foothills of the Rockies in the west. South of the United States border it extends into the so-called High Plains. In the Northwest Territories it merges into the Second Steppe just south of Great Slave Lake. In this Third Level the surface is broken more into rolling hills, while the streams are narrower and have steeper banks.

The Coastal Plain.

In the Maritimes and the New England states, the Appalachians approach so close to the sea that there is little or no room for a coastal plain. In addition, glacial action in the past has scooped out great trenches in this region, and into these the sea has pene-

trated, forming a very irregular coastline with a number of excellent harbours. But south of New York Bay the gentler slopes of the Appalachians broaden into a coastal plain which increases in width in the southern states until in the Mississippi gap it unites with the Great Central Plain. This coastal plain faces towards the Atlantic, into which its rivers flow. It has few good harbours in its southern sector.

The Lowlands.

Three of the four lowland areas, the Arctic, the Hudson Bay, and the Gulf Lowlands, are all built up by sedimentation in shallow seas. The Arctic Lowland extends west from the delta of the Mackenzie along the coast to the northwest tip of Alaska and the Bering Sea, and east along the Arctic coast. A similar lowland area fringes the Shield from the southern tip of James Bay to the port of Churchill on Hudson Bay. Curving inland around the Gulf of Mexico, the Gulf Lowlands simply form a continuation of the Atlantic Coastal Plain. Though it drains to the east, the St. Lawrence Lowland, lying between Lakes Huron, Erie, and Ontario, and straddling the river as far east as Quebec, is really part of the Interior Lowland.

The Arctic Archipelago.

The numerous islands of varying size, which form the Arctic Archipelago, are partly a sunken continuation of the Canadian Shield, and partly an extension of the interior plains. These islands, which lie almost entirely within the Arctic Circle, stretch to within a few degrees of the North Pole.

The frontiers between Canada and Alaska, and between Canada and the United States of America, do not conform completely to these geographic regions. The Alaskan Panhandle boundary does follow the Coast Range separating Alaska from British Columbia, and may thus be said to be a natural boundary, but at 141 degrees west longitude the boundary turns sharply north following that meridian and cutting across the Cordillera and the Arctic Lowland to the Arctic Ocean. There is certainly nothing natural about a border which runs along a meridian of longitude. Like-

wise Canada's southern land border follows the 49th parallel to the Great Lakes, supremely indifferent to the north and south alignment of the Cordillera, the Great Central Plain, and the Canadian Shield. From the Great Lakes to the Atlantic the boundary is a composite affair of lakes, rivers, heights of land, and the 45th parallel, the latter cutting across both the St. Lawrence Lowland and the Appalachians. Even the so-called Canadian Shield thrusts itself several hundred miles south of the border around the western end of Lake Superior in the Lake of the Woods area and into the Adirondack Mountains of Upper New York State. Only the Arctic Archipelago and the Hudson Bay Lowlands are entirely Canadian, while the United States of America can lay sole claim only to the Atlantic Coastal Plain and the Gulf of Mexico Lowlands.

It would be entirely wrong, then, to say that Canada is a natural unit bounded on all sides by geographic features, though it is true that the major portion of all her boundaries is composed of natural features. Since lines of longitude and latitude do form part of Canada's frontiers, it is obvious that geography cannot have been the prime factor in developing her national unity.

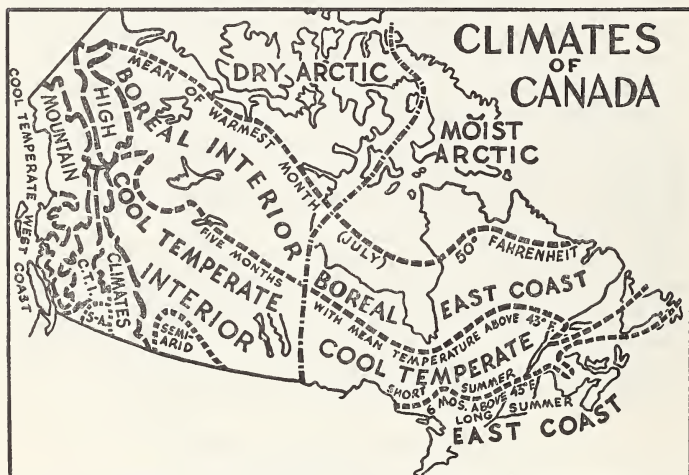
DIVERSITY WITHIN CANADIAN REGIONS

In a country as large as Canada, lying between the Atlantic and the Pacific, stretching from $41^{\circ}41'$ north latitude to within seven degrees of the North Pole, and made up of eight different physiographic regions, it is reasonable to expect that there will be great diversity of climate, soil, and resources. Such is certainly the case.

Diversity of Climate.

With the exception of the Arctic Archipelago, a comparatively narrow band along the Arctic Coast and Hudson Bay as far south as Churchill, and Ungava and Labrador, all Canada lies in the sub-arctic and so-called "cool temperate" belts. Considerable diversity exists within these belts, however, depending upon topography, wind, temperature and moisture variations, and other factors.

The Coast Range, lying in the path of the moisture-laden, warm winds from the Pacific and the Japanese Current, forces the winds to rise, become cooler, and therefore to drop some of their moisture along the western slopes. The coastal type of climate thus set up is milder and wetter than that of many other regions of the same



latitude in the interior. Average temperatures in the plateau region between the Coast Range and the Rockies are generally more extreme because of the higher altitude. There is nothing here to force the winds to rise and drop rain or snow. This area, then, is comparatively dry, depending for its water supply upon the many rivers and lakes which cross its expanse from their sources in the Selkirks and Rockies. At the plateau's eastern rim formed by the Rockies, the winds are again forced upwards and drop some rain or snow, creating a moist though somewhat more extreme climate than that of the coastal region.

From the eastern slopes of the Rockies across the High Central Plain and the western tip of the Interior Lowlands as far as Winnipeg, the climate is continental in character, being both drier and more extreme than that of the Cordillera region. Rainfall in this

area is largely the result of the sudden chilling which occurs when masses of warmer, moist air moving in a northerly direction meet cold air advancing in a southerly direction. However, this very limited moisture usually occurs in the growing season, a circumstance which, when combined with long hours of warm summer



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THE INTERIOR PLATEAU OF BRITISH COLUMBIA

Apple orchards in bloom at Penticton on the southern shore of Okanagan Lake, B.C.

sunshine, results in excellent growing conditions, especially for hard wheat. In the southwestern portion of this area in the lee of the Rocky Mountains, there is a semi-arid region where the rainfall is insufficient to support agriculture without the aid of irrigation. Consequently much of this area is more suited to grazing than to farming.

Another feature which makes this region particularly suitable for cattle raising is the "chinook". This is a warm, dry wind caused by the upper levels of Pacific air rushing in to replace the cold air drawn off to the southeast by cyclonic action in the midwestern States and Great Lakes areas. As the dry air flows down the

eastern slopes of the Rockies, its temperature is increased under compression. Thus this phenomenon brings to the whole of the prairie region a spell of mild weather in sharp contrast to the low temperatures which immediately preceded it. But this wind is particularly valuable to the ranching districts of southern Alberta where its moisture-absorbing power removes the snow cover, often in a spectacularly rapid fashion, making winter grazing possible.



Alberta Government Photograph

THE CYPRESS HILLS PLATEAU OF SOUTHEASTERN ALBERTA

The Arctic Archipelago, the northern part of Hudson Bay, and all of Ungava and Labrador, are continuously cold in winter and not very warm even in summer. However, the region of the Hudson Bay Lowlands is warm enough to be included in the Sub-Arctic or boreal belt. The major portion of the Canadian Shield also experiences the varied weather conditions associated with cyclonic storms, and in the main, reflects the temperature extremes of continental climates.

The St. Lawrence Lowlands enjoy the most temperate climate in the interior of Canada. The extremes of heat and cold, characteristic of a continental type of climate, are here modified by

the presence of large bodies of water such as the Great Lakes. Winds blowing over these lakes become laden with moisture so that precipitation in this inland region is adequate for agriculture and fruit growing, but the high relative humidity often causes great physical discomfort to the people living in the area.

In Newfoundland, Nova Scotia, New Brunswick, and Prince Edward Island, the climate is coastal, with plenty of moisture condensation in the form of fog occurring when the warm air over the Gulf Stream meets the cold air over the Arctic Current. The range of temperature in winter on this Atlantic coast tends to be somewhat lower than that of similar latitudes on the Pacific coast because of the prevailing westerlies. Winds which blow from the land do not moderate the temperature of the coast as do winds which blow from the sea.

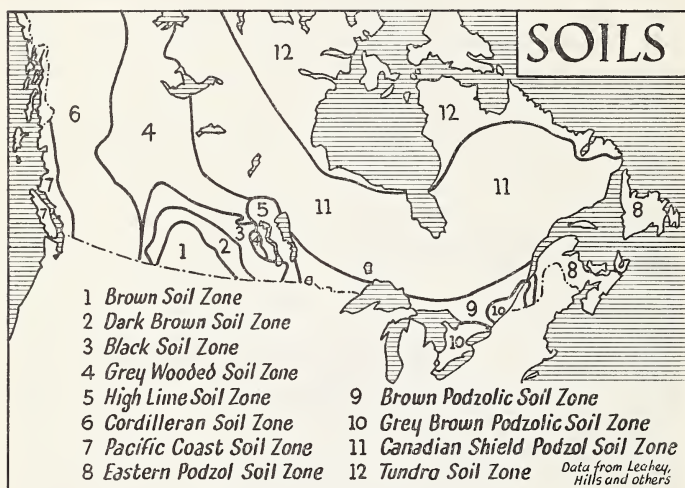
Diversity of Soil.

Soil conditions in Canada are as varied as the climate, ranging all the way from the tundra soils in the north to the fertile black soils of the Interior Lowlands and the grey-brown soils of the St. Lawrence Lowlands in the south.

Throughout the dry Arctic—that is, the Arctic Archipelago and the Arctic shores from the Mackenzie delta to Hudson Bay and south to Churchill—there is eroded rock but little true soil. Similar conditions prevail in Ungava and Labrador. In all these regions, cold and permafrost permit only limited plant growth, and so there is little organic matter or humus in the soil. This tundra soil cannot support agriculture, though some flowers bloom in the long summer days. Nor do the mosses and tundra grasses afford sufficient grazing for any but a very limited number of very hardy animals, such as reindeer, musk-ox, and caribou.

South of the tundra lies a broad band of podzol soil stretching from Alaska and the Cordillera in the west all across Canada to eastern Labrador and the Maritimes. This soil, formed under evergreen forests, is characterized by an acid grey topsoil from which the iron has been washed down into the subsoil, leaching out much of its lime and fertility. Spruce and pine flourish on this type of soil. In northern Ontario south of the Hudson Bay

Lowlands, much of the soil takes the form of a heavy clay. Since this clay obstructs drainage in this low-lying area, peat is formed on the surface, leaving the subsoil heavy, sticky, and very difficult



THE SOIL ZONES OF CANADA

to cultivate. There will be very little agriculture in this podzol belt, at least until all better soil areas have been appropriated.

Rich black soils, called chernozems, thrust up into Canada in southern Manitoba, and arc to the northwest into central Alberta. The topsoil, black from decayed vegetation, is much deeper than the podzol topsoil, and is excellent for agriculture. In areas of light rainfall, however, this type of soil erodes badly under wind and should then be left in grassland.

The brown prairie soils, formed under drier conditions than the chernozems, are found in the Alberta-Saskatchewan portions of the Canadian prairie region. Because there is less plant growth, there is less black humus in these brown soils, while the level of lime is also much higher than in the chernozems. In very dry areas, lime

and alkali salts occur at the surface, and wherever irrigation is not possible it is better to leave such soils in grass.

Completing the picture of Canada's soils are those of the Cordillera region. Alluvial deposits make the river valleys fertile and easy to cultivate. Beyond the valleys, however, the topsoil is apt to be thin and there is little or no subsoil, so that there is no agriculture in these areas.

Diversity of Resources.

With this great diversity in climate and soil goes an equally wide range of resources. The Grand Banks and the shores of Newfoundland and the Maritimes give us valuable cod, herring, and lobster fisheries. The West Coast salmon fisheries are equally important, while the many large lakes and rivers scattered throughout the Canadian Shield and at its edge furnish us with fresh-water fish both for commercial and recreational fishing. The Northland continues to supply the prime furs, which were at one time its most valuable product. In the Yukon, British Columbia, northern Ontario, northern Quebec, and the Maritimes, great forests yield the raw materials for products of tremendous value, such as lumber, pulp, paper, cellulose, and rayon. Rich deposits of gold, silver, copper, nickel, lead, zinc, platinum, uranium, radium, iron, asbestos, titanium, mercury, coal, and other minerals, are mined in the Canadian Shield, the Appalachians, and the Cordillera regions. Oil and natural gas fields and bituminous sands (a potential source of petroleum products) have been located in the High Central Plains, the Interior Lowlands, and at the edge of the Canadian Shield. These resources are now being developed and manufactured into such products as gasoline, plastics, and oil. Not the least of Canada's resources is her vast potential of water power from which electric energy may be generated. Some of this water power has already been tapped as at Niagara, Arvida, and Kitimat, but there appear to be great possibilities of further development in the St. Lawrence Seaways project and in the waterfalls throughout the Cordilleran, the Canadian Shield, and the Appalachian regions. Should the atom for industry become a reality, Canada has good resources of the raw materials necessary

for the production of this energy. Soil and climate make agriculture—particularly the growing of hard wheat—one of Canada's top-ranking industries. Horticulture, animal husbandry, and dairy farming, supplement the agricultural resources. With these great potentialities and resources it is possible to predict for Canada a splendid future and tremendous industrial development. This should give Canada the prosperity which, with security, is basic to a high standard of living, civilization, and culture.

Types of climate and soil tend to follow roughly the patterns set by latitude, though physiographic features such as mountains often cut into these east-west bands or belts, causing localized variations such as chinooks. Yet, as pointed out earlier, the Cordillera, the Great Central Plains (consisting of the High Plains and the Interior Lowlands), and the Appalachians, all have their counterparts south of the 49th parallel. So the topographical grain of the country, by which is meant its main physical features or regions, is seen to run north and south rather than east and west. The political division of North America into Canada and the United States of America cuts across these natural geographical regions, resulting in many unique features of Canadian nationalism and of international relationships between Canada and her southern neighbour.

REGIONAL INFLUENCES ON INDUSTRIES

Geographically Canada is well adapted to the pursuit of all basic or primary industries. The east and west coasts, the Great Lakes, and the numerous lakes and rivers of the Canadian Shield and its adjoining areas, are the scenes of valuable salt- and fresh-water fishing. Lumbering is one of the leading industries on the western slopes of the Coastal and Island ranges, and in the southern half of the Shield and the Appalachians. Being rich in mineral ores, the Cordillera, the Canadian Shield, and the Appalachians, encourage much mining activity. Cordilleran and Appalachian valleys together with the St. Lawrence Lowlands are particularly well suited to fruit farming and dairying. The Great Central Plains, or High Plains and Interior Lowlands, which form the Prairie Provinces are the great farming areas, while the semi-arid southwestern portion of the High Plain is admirably adapted to

the raising of cattle and sheep. North of the farming belt, in the Sub-Arctic and Arctic, lumbering, mining, trapping, and fur farming, are the most valuable industries.

But a number of factors in addition to those of soil, climate, and resources, influence the establishment of the secondary or



Wide World Photo

LUMBERING IN QUEBEC

Freshly cut logs fall down a 100-foot chute into the St. Maurice River.

manufacturing industries. Besides a hinterland rich in raw materials, there should be an adequate supply of labour and capital, good and cheap transportation, abundant supplies of power, and proximity to markets. All of these factors, except capital, are directly or indirectly influenced by geography. In the past only one of Canada's regions has fulfilled all of these requirements, namely the St. Lawrence Lowlands. Here large urban centres

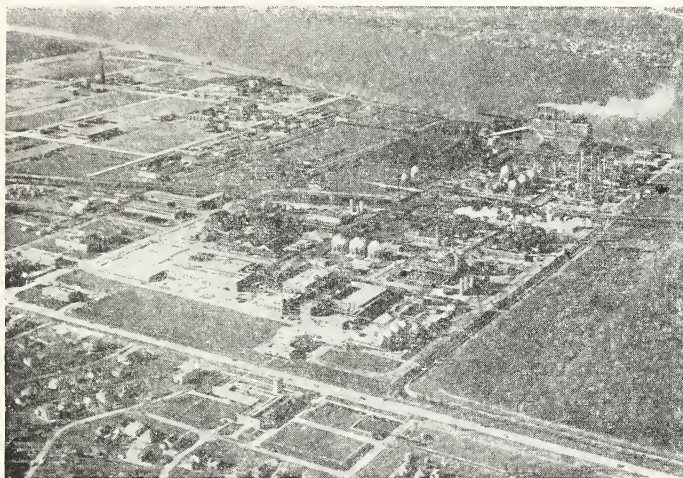


Alberta Government Photograph

EDMONTON

Canada's rapid industrial development is particularly reflected in the growth of the city of Edmonton, capital of Alberta. Situated in a rich agricultural area, Edmonton is also the centre of Canada's oil, gas, and petro-chemical developments. Between 1941 and 1951 the city's population increased by nearly 70 per cent.

such as Montreal, Toronto, and Hamilton, furnish the labour to convert the raw materials of the Canadian Shield into the finished products of consumer goods. Great hydro-electric resources generate the power to run the machinery of industry. Products can be transported cheaply by water to the great markets of Britain, Europe, the United States, and South America, and less cheaply



Polymer Corporation Ltd.

THE POLYMER RUBBER PLANT AT SARNIA, ONTARIO

Canada's artificial rubber industry, carried on by the Polymer Corporation Limited, was first developed because of wartime shortages.

by rail, road, and air, to the agricultural and mining areas of the Canadian West and the Northland.

The recent discoveries and development of the newer fuel and power resources of gas and oil in the West and North are attracting population and industry to these regions. Hence the petrochemical industry and others which are springing up around Edmonton following the discovery and development of the Leduc, Redwater, and Pembina oil fields. High transportation costs, too, have always tended to cause the decentralization of the manufacture of local

raw materials, especially when those raw materials are bulky as in the case of logs, lumber, ores, and clay. Wherever possible, smelting mills, saw mills, and flour mills, are established close to sources of supplies. Perishables like fruit, vegetables, and meat products, are dried or canned or processed in the areas in which they are grown or raised, if at all possible. Thus British Columbia has its canneries, Alberta its packing plants and its sugar-beet factories, and Saskatchewan its flour mills. However, it is more than probable that the heavy industries of iron and steel will continue to be centred around cheap water transportation and large centres of population. Especially is this true in view of the increase in hydro-electric power and the still greater facilities of water transportation outlined in the proposed St. Lawrence Seaways project, and the discovery of iron ore deposits in northern Quebec and Newfoundland.

THE BARRIERS TO CANADIAN SETTLEMENT

Canada's present population of a little more than 15,000,000, if spread evenly over the 3,851,809 square miles of her area, would give her an average density of population of about four per square mile. In reality there are many regions in which the density is much greater, for example, the St. Lawrence Lowlands, while others are practically unsettled. Some of these latter regions are likely to remain almost devoid of population for many years to come.

Climate, lack of true soil, and poor drainage, make agriculture extremely difficult in the far Northland. Without basic sources of food, a large population can never be supported economically, and so the Sub-Arctic and the Arctic are likely to remain, as they are now, great barriers to extensive permanent settlement. These factors, which bar dense settlement in the Northland, confine the population in Canada to a narrow band well south of the 60th parallel, with the majority of the people living within a very few degrees of the 49th parallel.

Even within the populated belt, there are many unsettled or very sparsely settled areas. Canada's most easterly province, Newfoundland and Labrador, has little but a fringe of settlement

along its shores. The rugged, rocky interior discourages farming in favour of mining and lumbering, while most of the towns and cities are situated on harbours, for water transportation is as vital to the Newfoundlander as it was to the ancient Greek. Much the same can be said of Nova Scotia and New Brunswick, where the interior is largely unsuited to agriculture and permanent settlement. Between the Maritimes and the Richelieu, on the south shore of the St. Lawrence, lies a desolate, windswept, rocky waste of evergreen forest almost completely bare of settlement except along the bank of the river itself. Fishing villages fringe the St. Lawrence along the north shore, but otherwise from Labrador to Quebec City the province is the scene of little but lumbering and mining, for this is the eastern arm of the Canadian Shield, that great horseshoe of rocks, forests, and lakes, which sweeps around Hudson Bay and is in the main unsuited to agriculture. The whole area of the Shield, indeed, stretching south and west to Lake Superior and embracing northern Quebec, northern Ontario, and northern Manitoba, and the Northwest Territories to the Mackenzie basin, will probably continue as one of the great barriers to permanent settlement and dense population.

The Cordillera region forms another great barrier to settlement, for only along the river and lake valleys and on the narrow coastal slopes can population be supported by the produce of the land. Mining towns and lumbering camps dot the area, but the semi-arid plateau and the mountain ranges remain largely uninhabited except in a few places, like Prince George, where a former gold rush left behind it a distributing centre for surrounding farms and lumber camps. In a few other places, such as Kitimat, cheap sea transportation and abundant hydro-electric power can support industry and make it an economic possibility to import all food-stuffs, clothing, and other consumer goods.

Thus climate, soil conditions, drainage, and topography, play their parts in determining the population pattern in Canada, confining settlement to a comparatively narrow strip north of the international boundary and throwing the population very much off-centre by the southward thrust of the Shield into the heart

of the country. This creates great gaps in the east-west chain of settlement, and these gaps pose very grave problems to Canadians, especially in the fields of transportation and defence.

THE NATURAL TRADING AREAS OF CANADA AND NORTH AMERICA

Urban centres, being largely industrial, depend upon the surrounding rural areas for their supplies of foodstuffs. In return the cities supply the rural areas with manufactured goods. This natural local trade is a continuing process, but it is sometimes interrupted in Canada by conflicting regional interests as in the case of the livestock industry in the Maritimes. Since the farmers of the St. Lawrence valley are able to buy cheap feed grains from the prairies, they have invaded the Maritime market for livestock, cutting out the local raiser and selling 3,000,000 lbs. of beef and 900,000 lbs. of pork to Nova Scotia, and similar amounts to New Brunswick, in a single year. The Maritime cattle and sheep raiser, therefore, cannot count upon selling his products to such cities as St. John, Halifax, Moncton, or Fredericton. As a result, he has more or less given up the raising of livestock, as distinct from the dairying industry which is the second great source of income for the farmers of the Maritime Provinces.

Since the various geographical regions develop somewhat different products, they naturally tend to exchange their surpluses for those products in which they are deficient. The Appalachian region in Canada has a surplus of fish, particularly cod, herring, and lobster, and of coal, timber, fruit, and dairy products. It lacks cereals and some industrial minerals other than coal, and does very little manufacturing other than fish canning. But its neighbour region, the St. Lawrence Lowlands, which one would expect to be its best customer, produces large quantities of timber, fruit, and dairy products. Thus the only commodities which the Maritimes can sell to Quebec and Ontario are fish and coal and P.E.I. potatoes. Add to this the fact that the St. Lawrence is closed to navigation during several months of each year, and that the railway haul has to traverse many miles of sparsely settled, rocky terrain, and it is easily understood why the Maritimes have to seek other markets for their produce. Nor can Nova Scotia sell her fish, or her potatoes, berries, and small fruits, south of the border, for the New England

states also produce much the same natural products as the Maritimes, and a high tariff prevents competition by Canadian products. Thus the Nova Scotia apple-grower may have to go as far as Great Britain for a market.

The St. Lawrence Lowlands, with its tremendous hydro-electric power resources and the vast mineral wealth of the nearby Canadian Shield, continues to supply much of Canada with manufactured goods, turning out paper, textiles, machinery, automobiles, and petroleum products in great quantities. In return for these goods it does not want fruit, for this it grows itself, nor dairy produce, nor timber, for these too are part of its own resources. Grain and coal are what it wants and both of these could be supplied from the West which also needs the manufactured goods. But the moving of grain alone taxes the east-west transportation facilities to the uttermost, while the cost of transporting coal would be prohibitive. Also factories require anthracite coal which is not found or developed in the West. So the industries of the East get their coal from the nearby United States coalfields or use local hydro-electric power. The prairie provinces and British Columbia are beginning to establish their own industries to deal with their own resources, such as the petrochemical industries in Alberta and the pulp and paper mills of British Columbia. The aluminum plant at Kitimat, though having to import bauxite, does make use of the hydro-electric power resources of the region. The Canadian Shield finds a market for its raw products in the industrial area, but proves to be a rather limited consumer market except for mining machinery, foodstuffs, and clothing. In the mining centres these goods are all likely to be expensive because of the lack of locally grown or manufactured products, and the high transportation costs in this land of few navigable rivers, and fewer roads and railways. As a return haul from the westward movement of grain, British Columbia's timber, fruit, and fish, find a ready market in Alberta and Saskatchewan in spite of the mountain barrier. But cheap water transportation makes it possible for the seaboard province to import manufactured goods from the United States or even from Britain more cheaply than they can be hauled from eastern Canada.

Since many of the geographical regions of Canada produce

similar goods, inter-regional trade meets with many problems of competition. It is also hampered by the same barriers that impede settlement. Trade with adjacent areas in the United States is often hindered by the similar production of goods on both sides of the international line. To protect his own market, the American potato grower urges restrictions on the import of Canadian potatoes, and trade is forced to seek much more distant outlets. So, too, in order to overcome high transportation rates, manufacturing industries are set up in areas where raw materials are present, but where other production costs are much higher. This is particularly true of bulky raw materials such as lumber and ores.

To the national economy of a new country, the food raising industries are of the first importance. Therefore, regions such as the prairies, which produce grain and livestock, the dairying and fruit-growing regions of British Columbia, the St. Lawrence Lowlands, and the valleys of the Appalachians, and the fisheries of the east and west coastal regions, are of vital importance. But as the nation becomes more mature the emphasis tends to shift. Canada is no longer content to be a producer of raw materials. In this new development the manufacturing industries become more and more important. Because of its favourable position close to a large hinterland furnishing many raw materials and hydro-electric power, its proximity to markets, labour, and capital, and its good transportation facilities, the St. Lawrence Lowlands region has always been and still is Canada's leading industrial area. The Canadian Shield is the greatest producer of minerals and hydro-electric power, though the Appalachian and Cordilleran areas supplement it. All three districts furnish the lumber whose manufactured products bulk so large in the nation's income. Down to the present, the Hudson Bay Lowlands and the Canadian Arctic and Sub-Arctic areas have been the least important, but the discovery of certain resources and the requirements of defence are altering our ideas of the importance of these hitherto neglected districts to our national well-being.

Since there is always a market for agricultural and primary products in urban industrial centres, certain places favoured by cheap and easy transportation facilities, the accessibility of raw

materials, and proximity to good supplies of labour, capital, and power, and to markets, develop into nuclei and distributing centres. Those especially well favoured tend to grow much faster and larger than the others. These metropolitan areas such as Halifax, St. John, Quebec, Montreal, Toronto, Winnipeg, Edmonton, Calgary, and Vancouver, developed across Canada because each is strategically located. Halifax and St. John are ice-free ports; Quebec controls traffic on the lower St. Lawrence; Montreal, at the junction of the Ottawa and St. Lawrence, is the centre of the trade routes to the West and the head of ocean transportation. Toronto has a good harbour, is the centre of railways and provincial highways, has a hinterland rich in agricultural and mineral products, and has cheap electric power from Niagara Falls. All routes from the West to the East pass between Lakes Winnipeg and Superior—hence, the hub of the prairies, Winnipeg. Edmonton is the gateway to the North, to Peace River, to the Yukon, Alaska, and the Mackenzie basin. Calgary on the main C.P.R. line is the eastern entrance to the Kicking Horse Pass through the Rockies, while Vancouver is the western terminus of both transcontinental railways and the eastern terminus of the trans-Pacific sea routes. These cities have all developed rapidly and have in recent years added to their former advantages the facilities of airports and air routes.

Each of these metropolitan areas often has much closer affiliations with American counterparts in its own geographic region, than with other Canadian regions. People of Halifax and St. John visit Boston and New York. Montreal also has very close connections with New York; Toronto with Buffalo and Chicago; Windsor with Detroit. Winnipeg looks to St. Paul and Minneapolis; Lethbridge, Calgary, and Edmonton, to Great Falls and Spokane; and Vancouver to Seattle. In this way the familiar north-south axis continues to influence the population pattern and the industrial, economic, and cultural development of the country.

CANADIAN TRANSPORTATION ROUTES BY LAND AND WATER

In the early days of Canadian history, transportation was almost exclusively along the rivers. French Canadian explorers and *coureurs de bois*, looking for a western sea, penetrated into the

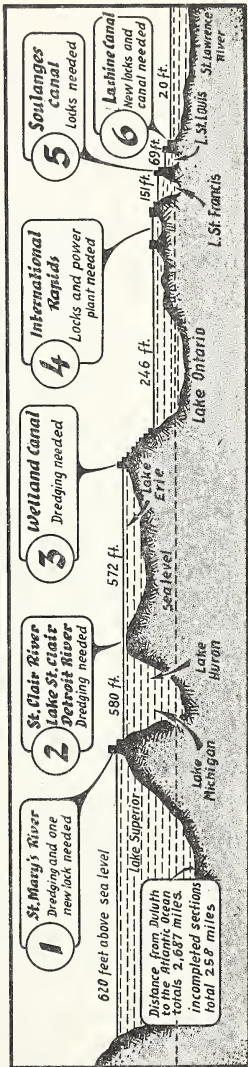
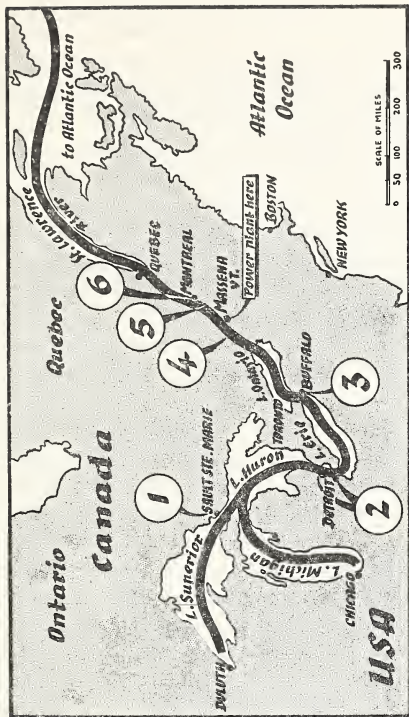
heart of the continent from the Atlantic by following the St. Lawrence, the Ottawa, and Lake Nipissing to Georgian Bay or Lake Superior. But because many of the great rivers of the western plains fall into the regional north-south pattern, La Salle found himself in the Gulf of Mexico instead of at his goal—China and the Pacific. Hudson's Bay Company factors, North West Company *voyageurs*, and XY Company traders, traced the rivers west from Hudson Bay or Lake Winnipeg along the two branches of the Saskatchewan to the very foothills of the Rockies. Others pushed along the Peace, the Athabasca, or the Slave, and Mackenzie gave his name to the great river whose northward course he pursued even to its arctic delta. Even the Fraser, which Mackenzie hoped would lead him to his objective, the Pacific, flowed so far to the south that he abandoned it and made his way across the plateau to the sea without its aid.

The Athabasca and the Peace, after flowing several hundred miles in an easterly direction, turn sharply north to empty into Lake Athabasca. The Slave and the Mackenzie connect Lake Athabasca, Great Slave, and Great Bear, with the Arctic. These rivers and lakes are still the principal means of transporting heavy, bulky cargo, but they can be used by vessels during the summer months only. Consumer goods and machinery go into the North over this route from Edmonton, while minerals and furs come out. No goods are shipped abroad from Aklavik at the Mackenzie delta, for it is not a harbour for any but Eskimo sealers and fishermen.

Though the two branches of the Saskatchewan cross the prairies in a generally easterly direction, they fail to connect with the St. Lawrence and Great Lakes. Instead, Saskatchewan waters reach the Arctic and Atlantic through Lake Winnipeg, the Nelson, and Hudson Bay, a much more northerly route. As the emphasis in the West changed from furs to farming, the river brigades of the Saskatchewan disappeared. Grain, which cannot be handled as easily as bales of furs, generally seeks the more southerly route of the Great Lakes and the St. Lawrence, a route which is open much longer than that of Hudson Bay. Even in the days of the Selkirk settlers, it was easier to enter the colony via Duluth, Minneapolis,

THE ST. LAWRENCE SEAWAY
By matching the numbers on the map and on the sectional diagram, you can see the improvements that are suggested.

*Adapted from the Alberta
Classroom Bulletin on Social Studies*



and the Red River, than it was to thread one's way through the maze of lakes, rivers, rocks, and forests, between Fort William and Lake Winnipeg formed by the southward extension of the Shield. Thus was proved once again the truth of the old saying, that the longest way round is the shortest way home.

Of all the Canadian rivers, only the St. Lawrence-Ottawa system flows eastwards into the Atlantic. Even it has two north-south connections, the Richelieu-Champlain and the Mohawk-Hudson, which enable the traveller from New York to reach the interior by a much shorter route than the St. Lawrence. However, this St. Lawrence route is still a major factor in Canadian transportation and its importance will increase with the building of the seaways.

By dredging an extra two feet in some portions, by excavating, by building dykes, forty miles of canals, seven locks, docks, eight movable bridges, roads, and railways, this \$9,000,000,000 project would add another 1,225 miles to the 1,000 already navigable by ocean-going vessels. Once the seaway is completed, vessels could take the iron ore from the docks at Seven Isles to the very heart of the industrial region of Canada and the United States. The prospective benefits of efficient, low-cost transportation to the iron and steel industry of Pennsylvania and Ohio, whose source of raw materials near Lake Erie and Lake Superior are rapidly being exhausted, have been sufficient to cause a reversal in the traditional policy of the United States towards the building of the Great Lakes-St. Lawrence Waterway, so that on January 20, 1954, the United States Senate, strongly urged thereto by President Eisenhower and Mr. Dean Acheson, approved a measure authorizing participation with Canada in constructing the seaway, and the big project is now underway. The proposal for power development by New York State and Ontario jointly has also been approved by Parliament, the International Joint Commission, and the Federal Power Commission, though appeals in the matter of damage to property have delayed the actual construction.

The earliest land routes in the West were the old buffalo trails and the portages around navigational obstructions or the links between rivers. The buffalo, like true North Americans, paid no heed to boundaries, but travelled north and south over the

plains. Their trails connect Canadian with American settlements, but do not promote east-west communications.

In a land where rivers suffer obstructions necessitating many portages, and are always frozen from four to six months in the year, it is imperative that some supplementary means of transport should be evolved. At first the road builder built around obstructions or linked two river systems together. Later the links were connected into more extensive highways. Thus roads appear running northwards from Lakes Ontario and Erie, westwards from Winnipeg across the prairies, and northwards along the Peace and Hay Rivers to Great Slave Lake. Finally there is the Alaska Highway running northwest from Dawson Creek to Fairbanks, Alaska.

But the same geographic factors which act as barriers to settlement are obstacles to the good, easy east-west transcontinental highway which has long been the dream of Canadian citizens and of federal and provincial governments. Travellers by road often go from Montreal to the Maritimes via the U.S.A. because the Canadian route is so much longer. From Sault Ste. Marie to Winnipeg, the sparsely populated Canadian Shield, the rough roads, and the tangle of lakes and rivers, may be a sportsman's paradise, but they are a nightmare to the civil engineer trying to build roads through the area. Most of the all-Canadian route from Calgary to Vancouver is still in the blueprint stage and, for the most part, roads still follow the natural contours of the country. Tourists and road freight, seeking to cross mountain ranges at their lowest and easiest gradients, usually cross the border and will continue to do so until the Trans-Canada Highway becomes a reality. Even then, the pull of centres of population and trade may cause a deflection to the south.

In the first years of railway development, railways, like roads, were intended to supplement waterways, not to take their place. In fact, when the C.P.R. encountered so many obstacles to its plan for spanning the continent, a proposal was made to cut losses by building railway lines only to connect water routes. It was British Columbia's insistence upon a trans-Canada railway as a condition of her entry into Confederation that was the deciding

factor in the final completion of the railway. Thus early in the life of the Dominion, railway building, hampered by geography, became an issue in politics and a major problem in the unification of Canada.



Wide World Photo

THE TRANS-MOUNTAIN PIPELINE UNDER CONSTRUCTION

The pipeline began carrying Alberta oil to the Pacific Coast in October, 1953.

However, even the C.P.R. sought and obtained concessions from the United States to enable it to cross the state of Maine en route from Montreal to St. John, New Brunswick. The Grand Trunk Railway refused to contemplate building a railway through the wilderness on either side of the St. Lawrence from Montreal to Halifax and chose instead Portland, Maine, as its eastern terminus. Only the government-sponsored Intercolonial Railway did connect Halifax to the Grand Trunk at Rivière du Loup, one hundred miles

down-stream from Quebec City. This line was not a financial success, but it was a political necessity since the life of a unified Dominion of Canada depended upon binding together the Maritimes, Quebec, and Ontario, by links of steel, regardless of the costs of construction or operation. Today, therefore, Canada's two transcontinental railway systems span Canada from Atlantic to Pacific, in spite of geographic barriers and sparsely populated areas.

A network of branch railway lines runs north and south, following the geographic contours of the land, and connecting St. John to the New England cities; Montreal to New York; Toronto to Buffalo and Chicago; Winnipeg to St. Paul and Minneapolis; Winnipeg to Churchill; the Peace River Country and Edmonton to Calgary; and Prince George to Vancouver. Geography, then, has always been and still is one of the factors which make Canada's railways so costly to operate that they are the subject of sharp criticism by her citizens.

Airways, unhampered by the geographic barriers which obstruct railways and roads, are able to operate from east to west more easily than from north to south, for provincial governments cannot impose restrictions upon them as the United States can and does. Keen competition from American lines south of the border and government restrictions discourage extensive north-south flying.

However, the most glaring modern example of the defiance of geographic barriers and economic costs in favour of national unity is the building of interprovincial and transmountain pipelines for the gas and oil products of Alberta. Rather than run these pipelines into adjacent United States territory, where there would be a market for gas and oil en route, the federal and provincial governments made it mandatory that they should be laid upon Canadian soil, even at much greater expense and across considerable geographic obstacles.

It will be obvious from the above instances that geography has not and still does not favour the development of Canadian unity. Canadians have always had to work at unity and will continue to have to do so to overcome the dividing influences of regional

interests in addition to historical, cultural, and linguistic differences. Only great vision and constant vigilance can prevent Canada from breaking up into five distinct regions—the Maritimes, the Industrial East, the Canadian Shield, the Prairies, and British Columbia.

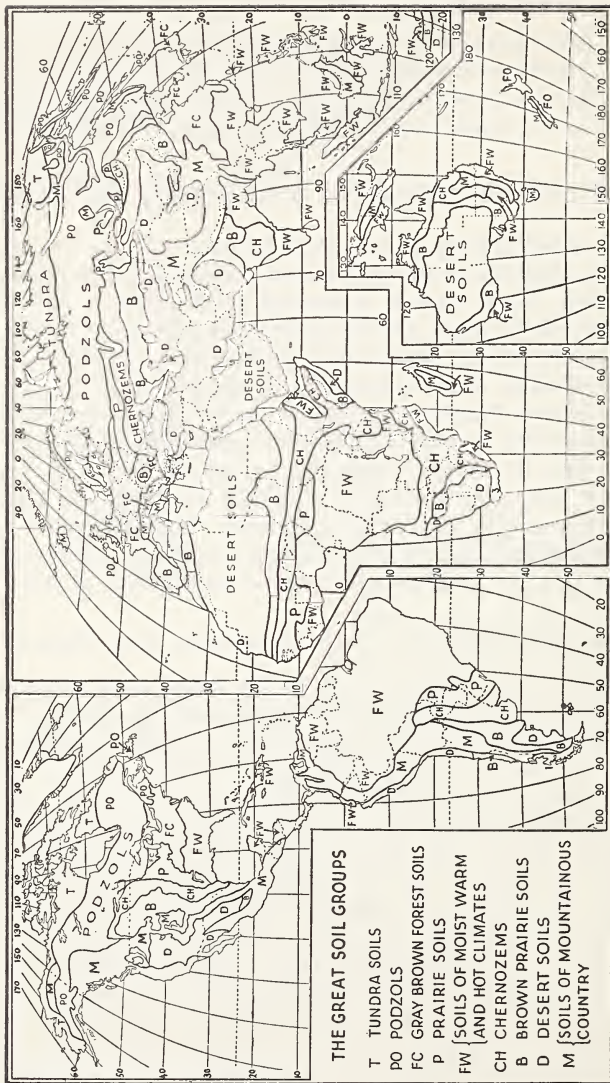
CHAPTER II

A SURVEY OF CANADIAN AND WORLD RESOURCES

All manufacturing or secondary industry, whether ancient or modern, depends on two fundamental prerequisites—food and raw materials. Food, since it is essential to life itself, is the prime necessity of all people, whether gainfully employed or not, whether engaged in primary or secondary industry or in rendering professional services. Any examination of resources basic to modern industry must, therefore, take special note of the situation regarding the production of food. This leads to consideration of the world's population, its supply of foodstuffs, and the possibilities of increasing the supply as the higher standards of living and growing population result in increasing demands. Because much of our food depends directly on soil conditions, any study of food supplies and production must include a careful examination of soils.

SOIL RESOURCES AND THE INTERNATIONAL FOOD PROBLEM

If there were sufficient food for the entire world population, one of the great problems of the present would be reduced merely to the question of the distribution of the supplies. Actually, even in peacetime, there is an insufficiency of food. Sometimes this is an insufficiency in foodstuffs generally; sometimes it is of a particular foodstuff, such as rice or wheat; often it affects a particular locality. Certain areas of the earth's surface never produce, even under the most favourable conditions, enough food to support their populations. The United Kingdom has to make up her deficiency by importing foodstuffs, which she pays for by the sale and export of manufactured goods. Other countries, such as Canada, produce a surplus of foodstuffs and this surplus they are quite willing, and even anxious, to trade for other goods which they lack. The problem here is one of trade relations. But there are, unfortunately, large areas of land which do not raise sufficient



food for their own needs and have few goods with which to trade in order to make up the deficiency. In these countries famines are a common occurrence and one of the four basic freedoms—Freedom from Want—is but wishful thinking.

As the world's population increases, particularly in these under-developed, non-self-supporting areas, and as the standard of living is raised, the world's food problem is likely to grow not only in size but in complexity; hence the United Nations Food and Agriculture Organization—one of the specialized agencies of the United Nations—and the Colombo Plan. It is not our purpose to examine the workings of these two organizations at this time, but rather to notice how geography, and in particular soil, affects the avowed aims of the Food and Agriculture Organization. These aims are: "To help nations raise the standard of living; to improve nutrition of the people of all countries; to increase the efficiency of farming, forestry, and fisheries; to better the condition of rural people; and through all these means, to widen the opportunity of all people for productive work".

To be productive in agriculture, soil must be fertile, easily cultivated, and accessible. Fertility depends upon the presence in the soil, in a form usable by plant life, of those minerals and chemicals required to promote growth. These chemicals have often, in the past, been exhausted from the soil by unwise cropping of one type of plant only, and by "land mining"—the constant using of land without any attempt to replenish the mineral and chemical supplies by fertilizing. Minerals can be returned to the soil by regular use of fertilizer, either of the natural variety which is the result of mixed farming, or by chemical or commercial fertilizer. But once the chemicals have been extracted from the land, it is costly to replace them. Scientists, therefore, advise farmers to avoid "mining" the soil. They encourage mixed farming, urge the use of fertilizer at regular intervals, and demonstrate the advantages of a good rotation of crops. In this way it is sought to avoid the practice of exhausting the land and then moving on to fresh sites, so common in the past. These conservation policies would keep the land productive, would produce crops more or less constantly, and would furnish

a variety of food products, thus reducing the disaster attendant upon failure in the case of a one crop specialty.

When the soil is a sandy loam with a high percentage of humus, it is more easily cultivated than is a heavy clay loam. Cultivation makes the chemicals and minerals in the soil more readily available to the plants, keeps the moisture moving in the soil, and reduces the weeds so that the growing crops have less competition. Deep and frequent cultivation results in a heavier yield, but is possible only when the soil is easy to work.

Fertility and easy cultivation have little value, however, unless the land is easily reached or is near transportation, so that the crops raised can be sent to market. Very fertile soil in a broad river valley between high mountain walls miles from roads, rivers, or railroads, may grow excellent crops, but unless these crops can be got out to market they will have very little effect upon the world food problem. Accessibility sometimes results in less fertile, heavier soil being brought under cultivation when more fertile lighter soils are known to exist, but are only to be found in more remote or inaccessible areas of the country.

Climate, sunshine, and moisture, of course, play their parts in agriculture, but the modern scientific farmer aids these elements by using machinery, by having his soil analyzed, by making up its deficiencies, and by determining what crops can be suitably grown on his soil. In this way he seeks to use his land efficiently and to make his maximum contribution to the food supply of the world.

It has already been pointed out that chernozem soil is the best for agricultural purposes, with prairie soil and brown prairie soil following close behind in productivity. Grey-brown forest soils and podzols are not so fertile, while the least productive (since they contain little humus) are the desert and tundra soils. Chernozems and brown prairie soils occur in the Great Central Plain, or the High Plain and the Interior Lowland, of North America; south of Brazil and east of the Andes in South America; in Central Europe and Asia; in India; in part of China; along the eastern coast of Australia; and in southeastern Africa. These are the great

agricultural regions of the world. But a much larger area of the world's land mass consists of the poorer grey-brown forest soils and podzols. Every inch of soil in such countries as Japan and Ceylon must be worked. Though the labour is great and the yield is small, these countries have no choice—the pressure of population upon their land is so great that the application of scientific knowledge can only partially solve the problem.

On the other hand, Canada is one of the countries which produce more than enough foodstuffs for their own use. Agriculture together with its allied industries of horticulture, dairying, and livestock raising, continues to be Canada's largest single industry, employing 19.2 per cent of the gainfully employed male population. Canada can, therefore, trade part of her surplus to obtain the greater variety of foods such as citrus and tropical fruits, which she cannot grow economically herself. Though more than half of her soil is unsuited to agriculture, being mountainous or tundra or podzol, her chernozems, brown prairie soils, and grey-brown soils, occur in a favourable temperature belt and appear to be adequate for the present. With the newer ideas of scientific farming, including conservation of the soil minerals, rotation of crops, mixed farming, suitable crops, and the use of fertilizer and machinery, Canadian farmers should, under the urge of necessity, be able to increase output of the present agricultural acreage.

Furthermore, it is possible that podzol soil areas could be brought into production if the pressure of population upon the present cultivated areas becomes insupportable. By the use of mechanization, careful fertilizing, and drainage, these soils could be used to supplement the more fertile types.

Just as the development of Marquis Wheat opened up to wheat growing much more northerly areas than had ever been thought of before, so the world's need for more food may result in new plant and animal breeding to produce types adapted to these less favourable conditions of soil and climate. Canada's soil resources, then, both actual and potential, are extremely important in any attempts to solve the food problems of the world, and are fundamental to her own prosperity.

VITAL MATERIALS IN THE NEW DEVELOPMENTS IN INDUSTRY

The modern age of mechanization, especially in the New World, places a very high premium upon the mineral wealth of a country, for it is this raw material which will determine the country's prosperity as an economic unit and whether or not it can maintain the production of peacetime or wartime goods. Some of these resources are more essential to great modern developments in industry than others. Some are found and produced in Canada. Upon Canada's resources as compared with those of other countries depend her potential greatness as an industrial nation and her civilization as a prosperous one.

Canada produces twenty-four metals and twenty non-metallic minerals which are used in various manufacturing industries as mined or as source material for the chemical industry. In addition, she has vast power reserves, four fuels, and substantial quantities of timber, clay, cement, lime, and gravel, for the construction industry. Many of these materials are produced in excess of the present needs of the domestic market, the surplus of 1952, when traded with other countries, bringing in a total of over two billion dollars in revenue.

Like any other country, however, Canada is deficient in some materials. To keep the wheels of industry turning she must import the materials which she lacks, or must find substitutes. Rubber for tires, for example, is a necessity in the manufacture of automobiles and aeroplanes. Since no natural rubber is produced in Canada, it must be imported, or Canadian scientists must increase the production of synthetic rubber as they did during the Second World War when Indo-China, Malaya, and Indonesia, which produce ninety per cent of the world's natural rubber, were captured by the Japanese.

Aluminum is one of the newer metals of industry. In its pure form it is rather soft and much weaker than steel. But when it is mixed with copper, manganese, silicon, zinc, or zirconium, the resulting alloy weighs about one third as much as steel, is of great strength, can be heat treated, rolled, or forged, and is capable of being cut or cast into intricate shapes. These factors make it a very valuable metal in all products where light weight and strength are

CANADA



desirable, as in the construction of aeroplanes, automobiles, abrasives, and domestic utensils. Though aluminum is one of the commonest of the elements found in the earth's crust, bauxite, the ore from which aluminum is derived, occurs only where the climate is, or has been, tropical or subtropical, and vast quantities of electric power are required to break down the ore. Since Canada has never had any regions of tropical or sub-tropical climate, she has no bauxite. But her tremendous resources of hydro-electric power, and the value of aluminum to industry, have led to the establishment of great factories at Arvida, Quebec, and at Kitimat, British Columbia, where the ore, brought in by cheap water transportation, principally from British Guiana and Jamaica, can be broken down. These two projects alone have given Canada second place as a world producer of aluminum, surpassed only by the United States of America. More establishments of a similar nature to take advantage of cheap water transportation and abundant hydro-electric power potential are at present being contemplated in British Columbia.

Antimony, used in the manufacture of solder, low-melting alloys, flame-resistant fabrics, anti-fouling paint, and dyes, is found in combination with lead and is produced at Trail, British Columbia, as a by-product of the treatment of lead-zinc ores. But Canada does not rank as a producer of this metal.

Chromium, when mixed with steel, imparts to that metal hardness, toughness, strength, and resistance to rust and corrosion. Its greatest property is that it is not damaged by very high temperatures; hence its use as a material for high-speed cutting tools and for the lining of furnaces. Leather is tanned by the chemical action of chromium. A low grade of chromite, the ore from which chromium is derived, occurs in small quantities in Canada, but most of our requirements are imported from the Union of South Africa, the U.S.S.R., Turkey, Cuba, the Philippines, and Southern Rhodesia.

Cobalt, on the other hand, is found mainly in the Belgian Congo, Northern Rhodesia, French Morocco, and Canada. It is used in the manufacture of alloys which resist heat, corrosion, high speed friction, and shock. These alloys are then turned into

high-speed cutting tools and drills. Combined with aluminum and nickel, cobalt produces the permanent magnet essential to 'walkie-talkie' and radar equipment. It is used extensively also in the manufacture of the cobalt bomb, and for generators in gasoline engines of aeroplanes. Cobalt is a by-product of the silver-cobalt ores of Cobalt, Ontario, of the copper-nickel ores of Sudbury, Ontario, and of Lynn Lake, Manitoba. It is refined at Deloro, Ontario, and at Fort Saskatchewan, Alberta. The supplies are sufficient to meet the present needs even though the discovery of jet propulsion has increased the demand for a metal which can stand up under heat and high speed.

Columbium is another new metal which forms an alloy characterized by resistance to heat and corrosion. It is, therefore, likely to be in much higher demand with the increase in jet propulsion. However, deposits of its ore, columbite, are comparatively rare. Some is reported in conjunction with tantalite near North Bay, Ontario, and there are some small deposits in the Northwest Territories. The principal sources of this ore are the Belgian Congo and Nigeria.

Manganese, because of its properties of removing oxygen and sulphur, is essential in the manufacture of steel. It increases the life of steel rails five to six times over that of ordinary carbon steel. Combined with bronze and aluminum, it is widely used in the manufacture of ships' propellers, for this alloy is tough and resists corrosion. Canadian requirements of this metal are imported from the Gold Coast, South Africa, and India, there being no known deposits of it of sufficient size to warrant development in Canada. Russia probably has the largest deposits of high-grade manganese ore, though little is really known about her development of them. Brazil also has large reserves of it, but the transportation difficulties and its inaccessibility generally, result in the deposits remaining undeveloped.

Canada ranks fourth following the United States of America, Mexico, and Australia, in the production of the *lead* used in ammunition, batteries, and solder. Lead is found, usually in conjunction with copper, zinc, or silver, in Newfoundland, Labrador, Quebec, Ontario, British Columbia, and the Yukon. Sullivan, near the

town of Kimberley, British Columbia, is the largest lead and zinc mine in Canada and one of the largest in the world. It produces on the average over ninety per cent of the lead and zinc in Canada and eleven per cent of the lead and eight per cent of the zinc of the world. All this ore is shipped to Trail, British Columbia, for smelting.

During the Second World War, Canada produced a considerable quantity of *mercury* from two mines in British Columbia. These mines closed down after the War, unable to meet the competition of Spanish, Italian, and Chinese producers. Used in manufacturing explosives, electrical apparatus, medicines, and thermometers, because of its varied characteristics and its reactions, mercury is valuable in industry.

Molybdenum is another important metal used in the making of steel alloys, which, because of their toughness and resistance to shock and fatigue, make possible a substantial reduction in the weight of steel used. In its pure form molybdenum is used in radio and radar equipment and as a heat-resisting element in electric furnaces. There are several known deposits in Canada, but only the one in western Quebec is now producing. Most of Canada's requirements in this field are imported from the United States of America, which at present produces ninety-eight per cent of the world's supply.

Canada stands first in the world's production of *nickel*, a metal with almost countless uses. As an alloy it strengthens, hardens, and toughens steel, cast iron, or bronze. Shock fatigue in these alloys is reduced, as is chemical action, while machining and heat-treating properties are improved. Most of Canada's nickel is produced at Sudbury, Ontario, but the deposit at Lynn Lake, Manitoba, was developed in 1953 and intensive explorations continue to discover further potential reserves. The Petsamo deposits, formerly in Arctic Finland, now operated by Russia, are the second most important source of nickel, while Nicaro, in Cuba, and New Caledonia also possess important deposits. Almost ninety per cent of Canada's nickel production is exported, sixty per cent of it to the United States, whose operation of the Nicaro deposit does not produce sufficient to meet her demands.

Flawless *quartz crystals*, used in electronics and Asdic instruments for detecting submarines, and in optical equipment, are comparatively rare, though quartz itself is fairly common. Though Canada produces a few hundred pounds a year, this supply is wholly inadequate even for her own demand. Brazil is the world's principal source.

The major use of *Selenium* is in the production of photo-electric cells, or electric eyes, electric rectifiers, radar, and aircraft generators. This work selenium does as the result of the changes in conduction of electricity under the action of light. The ore is often found in conjunction with certain copper ores, and its recovery is a very long and complicated process. Canada exports selenium to the United States of America and Great Britain, but imports the American and British manufactured products of selenium.

Tin for the coating of the tin cans, so essential to the food-packing industries, is produced in small quantities as a by-product in Trail, British Columbia. But the world's principal producers are Malaya, Bolivia, Indonesia, Nigeria, the Belgian Congo, and Thailand.

Still another new metal is *titanium*, which is characterized by low weight, high tensile strength, and resistance to corrosion. So far it has been used as a pure white pigment in paint and as an iron alloy, but its uses are only just beginning to be known. Canada possesses a large quantity of ilmenite (titanium and iron oxides), the most important deposit being at Allard Lake on the north shore of the St. Lawrence. A plant for the production of iron and high titanium slag operates at Sorel; the slag is then sent to the United States for finishing. Its manufacture presents many difficulties which must be overcome before titanium becomes a front-rank metal. The chief producers and exporters of titanium over the 1949-51 period were Malaya, Bolivia, Peru, Portugal, Spain, Australia, and Argentina.

Uranium, as a source of atomic power, is the object of considerable search and research. Besides producing power for destructive and constructive purposes, uranium is used in medicine and in the chemical industry. Canada produces and refines uranium ores for

hospitals and the industry, for the government and the United States. Most of this ore comes from two deposits in Northern Saskatchewan and the Northwest Territories. Other producers of uranium are the Belgian Congo, South Africa, the United States of America, Australia, the U.S.S.R., and Brazil.

Canada lacks *cryolite*, which is necessary to the manufacture of aluminum and glass. So far as is known this mineral occurs only in Greenland. Canada manufactures a substitute from *fluorspar*, *soda ash*, and *sulphuric acid*. The major producing areas of these latter ingredients in Canada are Newfoundland and Madox, Ontario.

Mica is an essential mineral to the electrical industry, for it is an insulator. The best mica comes from India, Madagascar, and Brazil, but the United States and Canada supply some low-grade mica for less exacting purposes.

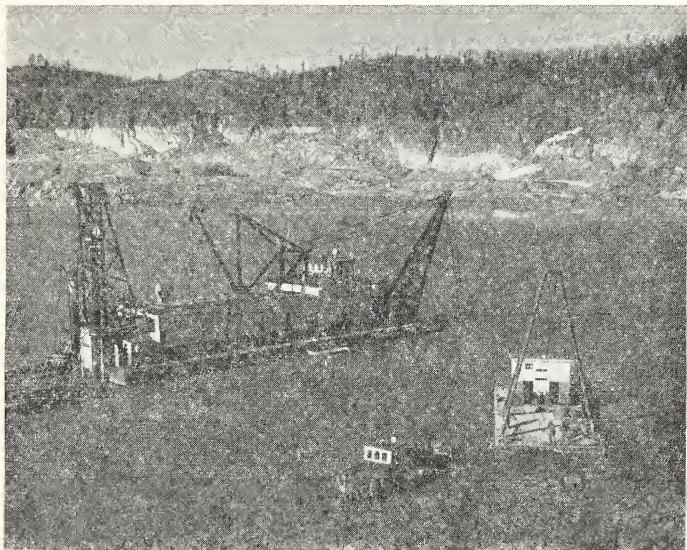
Lacking industrial *diamonds*, Canada has to import this material from the principal suppliers, South Africa, Brazil, and the Belgian Congo. Industry requires this important non-metallic mineral for grinding, polishing, and drilling.

Sulphur, essential to the manufacture of explosives and of sulphuric acid, is widely used in medicines, disinfectants, fungicides, and the making of paper. It is found as a natural element in the United States of America, or as the product of former volcanic action in Italy and Mexico. It is manufactured from metal sulphides in Canada at Trail, British Columbia, and Copper Cliff, Ontario. It is usually a by-product of smelting processes or is manufactured from natural gas but is not produced in sufficient quantities to allow Canada to be ranked as a world supplier.

Canada is the world's outstanding producer and exporter of *asbestos* whose fire-resistant qualities make it a desirable ingredient in the manufacture of flame-resistant textiles and high temperature insulation. This mineral comes mainly from mines in Quebec. Other world producers of it are South Africa, Southern Rhodesia, and Bolivia.

Iron, the basic ingredient of steel, has long been mined in Canada, though much of the ore was exported to the United States of America for manufacture. High-grade ores are so im-

portant to industry that it pays to drain a lake to mine ore at Steep Rock, and the more recent discovery of the huge iron ore deposits near Knob Lake on the Quebec-Labrador boundary in Ungava have such a high potential that a railway has been built



STEEP ROCK IRON MINES, ATIKOKAN, ONTARIO

Billions of gallons of water were pumped from Steep Rock Lake in order to reach the iron ore. Dredging operations, shown above, remove silt while the lake bed is being worked.

to bring the valuable ore out to the St. Lawrence. As its own supplies of iron ore become exhausted, the United States of America looks around for possible sources of supply, and it is the discovery at Knob Lake that has materially changed the American attitude towards the St. Lawrence Seaway project. Prior to the discovery at Knob Lake, the United States of America had been confronted with the necessity of establishing steel factories

on the Atlantic seaboard to take advantage of cheap ocean transportation for iron ore being imported from South America and Liberia. The St. Lawrence Seaway would allow her to supply her present installations in Pennsylvania with Canadian iron ore at low transportation costs. The iron ore deposits of Great Britain, the Saar Basin, and France, have long played important roles in the industrial development of Britain, Belgium, Germany, and France. A country with no iron may well be said to lack the backbone of industry.

Gold, silver, copper, platinum, zinc, radium, magnesium, and other minerals, continue to be mined and converted into industrial products in Canada. In 1949 Canada stood first in the world as a producer of *platinum* with South Africa, Colombia, and the United States far behind in output. In the same year the United States produced far and away the most *cadmium* with Canada a poor second, Australia third, and the United Kingdom fourth. South Africa held the first place in the output of *gold*, with Canada second, the United States third, and Australia fourth. Canada was also second as a producer of *zinc*, coming after the United States, but before Mexico and Australia. In *silver* production, Mexico held first place followed by the United States, Canada, and finally Peru. Of the four top exporters of *copper* the United States, Chile, and Rhodesia, all preceded Canada. In 1948 Canada was the fourth largest producer of *magnesium*. *Gypsum, salt, and phosphates*, are other important minerals produced in Canada.

Not only has Canada rich reserves of many metals and minerals for industry, as seen above, but her supplies of structural materials are extremely important, especially in the period of post-war reconstruction. Besides brick and tile, she produces Portland cement, lime, sand, gravel, and stone, not to mention lumber, which is a major industry in itself. The value of clay products and other structural materials rose from less than \$20,000,000 in 1933 to over \$110,000,000 in 1949.

From this survey it will be seen that Canada has great potential wealth in her minerals. The Canadian production of minerals is very important, not only in the internal industry of the country,

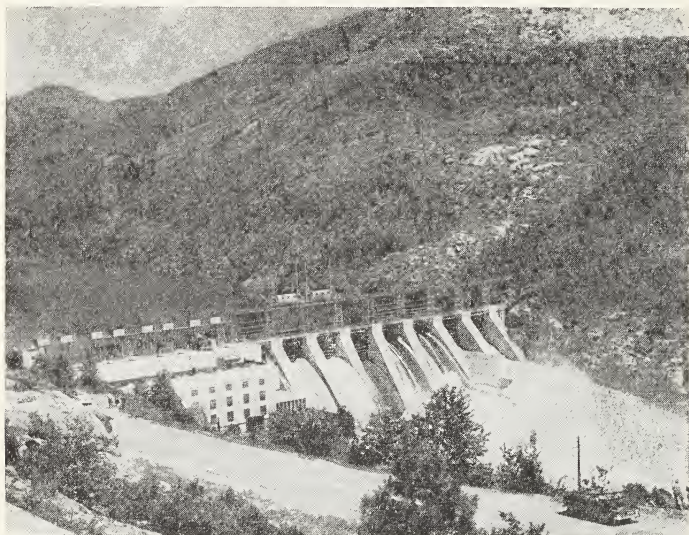
where it employs over 100,000 men annually at an average wage of \$2,500, but also in world trade, for Canada ranks high as a mineral exporter and the mining and smelting industries have grown very rapidly in size and importance in the twentieth century.

POWER AND FUEL RESOURCES IN CANADA AND THE WORLD

Water power, from which is generated electric power, is Canada's most important single natural resource, for it alone makes possible the development of many of the mineral and forest resources noted above. This "white coal" was first utilized in 1882 to generate light for a saw-mill at Ottawa. Niagara Falls, the Bow River in Alberta, and Montmorency in Quebec, were all producing electricity in the 1890's. But Canada, which has in its many waterfalls and swiftly running rivers a water-power potential second only to that of the U.S.S.R., had to wait until the invention of long distance transmission of electricity before she could harness this giant to her industry. Once this difficulty had been mastered, Canada installed hydro-electric power plants so rapidly that she now ranks second to the United States in total actual capacity, though as yet she has tapped less than half of the minimum available flow.

Fifty per cent of Canada's available hydro-electric energy is situated in Ontario and Quebec, where there is little or no coal. Quebec leads in the production and use of this power, being followed by Ontario, British Columbia, the Prairie Provinces, Newfoundland, the Maritimes, the Yukon, and the Northwest Territories. Since the manufacture of pulp and paper and aluminum is dependent upon large supplies of cheap electricity, Quebec and British Columbia, with their great resources of forests and water power, are the leading producers of wood products. Both provinces are able to manufacture aluminum, one at Arvida and the other at Kitimat, in spite of the lack of bauxite, because both have the necessary cheap electricity and water transportation. Hydro-electric power enabled Ontario to forge ahead as an industrial and manufacturing region in spite of the fact that she has little coal. In both these areas, the East and British Columbia, further developments are being contemplated in the St. Lawrence Seaway and in projects

similar to Kitimat but of a more varied character. The great advantage of this type of power, too, is that it is not exhausted as are other fuels such as coal.



National Film Board

HYDRO-ELECTRIC POWER IN BRITISH COLUMBIA

Brilliant Dam, on the Kootenay River between Nelson and Castlegar, develops 140,000 horsepower.

Coal has long been one of the principal sources of industrial greatness. It was essential to the development of railways and steamships, and to the manufacture of steel on a large scale. Without it, Italy lagged behind; with it, Britain forged ahead in the Industrial Revolution. Coal underlies the importance to France and Germany of the Saar Basin.

In Canada, coal is found in Nova Scotia, Cape Breton Island, New Brunswick, Vancouver Island, British Columbia, Saskatchewan, Alberta, and Manitoba. Coal was the most important mineral

product of Canada in 1887 and at that time the coal reserves of Alberta were considered to be practically inexhaustible. Even as late as 1946, coal still held first place among the fuels. In 1947 the Dominion Coal Board replaced the Dominion Fuel Board which had striven since 1922 to secure a "stable and prosperous coal mining industry with a minimum of public assistance." The Coal Board investigates such matters as mining methods, marketing and distributing of coal, and the development of new uses for the four types of coal found in Canada.

Strangely enough, however, Canada, with all her coal reserves and potential, has never produced sufficient for her own domestic industries, and the import of coal for the heavy industries of Ontario has always been a major item on her import bill. This is the result of two circumstances. First, Ontario wants supplies of anthracite coal, little of which is produced in Canada. Second, it is cheaper to bring coal in from the United States by the Great Lakes than it would be to haul it by rail to the lakehead from Alberta, where at times the railway facilities are already taxed to capacity to move the grain in the same direction.

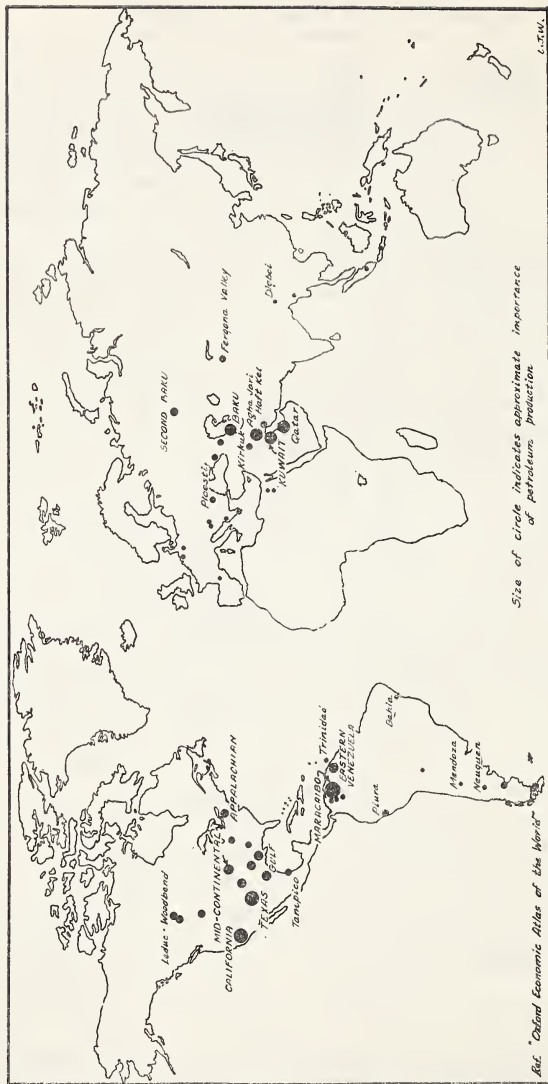
Since 1947, too, other fuels have been supplanting coal as a source of power. Even the railways, which formerly consumed about fifty per cent of the coal mined in Alberta, have taken to the use of oil. The future does, indeed, look black for the coal mining industry in a country where more and more householders are using gas or natural gas, where industry is using petroleum or hydro-electric power, and where the steamships and locomotives are oil burners or diesels. The latest developments in the use of coal turbines by British railways may solve some of the problems of the coal industry eventually.

In the early 1900's drilling operations had resulted in the discovery of large supplies of *natural gas* in the then Northwest Territories at Medicine Hat. From that time on natural gas has played an increasingly important role in Alberta's economy. Besides furnishing the heating and cooking power of most homes in the cities, natural gas is used by chemists as the raw material from which they produce a whole range of new products such as cellulose acetate, used in the manufacture of yarn and plastics;

pentaerythritol, used in finishes for automobiles and metal products; methanal, an ingredient of anti-freeze; and formaldehyde, used in the production of plywood glue, to mention but a few. This manufacture of by-products from petroleum gas has resulted in a whole new field for the petrochemical industry. Canada, compared with other countries in the world to-day, is well provided with this very valuable fuel and resource.

Oil, or *petroleum*, was discovered in 1857 in western Ontario. This field developed rapidly and soon led to the establishment, at Sarnia, of refineries, storage tanks, and pipelines. Discoveries of oil followed in Quebec, Nova Scotia, New Brunswick, the Northwest Territories and, though Ontario continued in 1887 to be the largest producer of petroleum, it was already estimated in the statistical record of 1888 that the "most extensive petroleum field in America, if not in the world, is believed to exist in the Athabasca and Mackenzie valleys in the Northwest." In 1914 oil was discovered in Turner Valley and this field was soon the largest Canadian producer turning out 90% of Canada's entire petroleum output. Yet this supplied only about 15% of Canada's requirements, and by 1942 the field had passed its peak of production. In 1946 petroleum products ranked eighth in Canada's leading industries and petroleum as a fuel stood second to coal in production and value. The demands of war and the decrease in the productiveness of Turner Valley led to the search for and development of new fields, namely, Conrad, Taber, Lloydminster, and Leduc, and later still Pembina and the Peace River. But with all this activity Canada has never produced sufficient oil to meet her own demands and has always had to import from the Caribbean area and the United States. The latest discoveries in Alberta have increased the output from about twenty million barrels in 1940 to over forty million in 1950. The United States of America is the largest single producer of oil, but also the largest consumer. South America and the Middle East are next in rank as producers followed by Russia, Africa, and the Far East. Only in South America and the Middle East does production far outstrip consumption.

However, Canada is considered to have, in the bituminous sands near McMurray, Alberta, the largest known oil reserve in the



WORLD PETROLEUM PRODUCTION

world. Here, in an area of 8,000 to 30,000 square miles containing an estimated 100,000,000 tons of sand with a reserve of 100 to 300 billion barrels of oil, experiments in the extraction of the oil are being carried out. So far this is only a potential producer, but its development together with the discovery and development of new fields may narrow the gap between Canada's production and her consumption in the near future.

With sufficient food and the ability to trade surpluses for greater variety in foods, with great resources in industry and construction, and with tremendous possibilities in the development of power, Canadians generally can afford to be optimistic about the future. The material prosperity resulting from the bountiful gifts of nature, combined with efficient labour and the elimination of wasteful exploitation of resources, should give the security upon which to build an inspiring culture and a high standard of civilization.

CHAPTER III

CANADA AND AIR AGE GEOGRAPHY

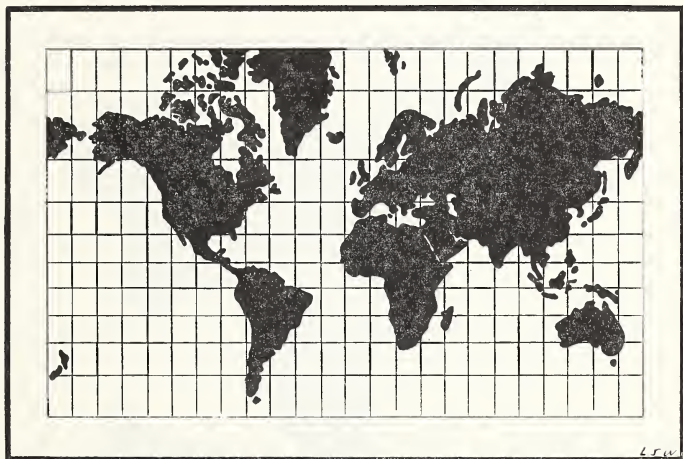
The invention of the aeroplane, which is not subject to the same limitations as other forms of transportation, has forced Canadians to revise their thinking about geography in general and their own geography in particular. In the past all the maps used to portray the world, North America, or just Canada, tended to foster the idea of a Canada living in splendid isolation in a "fireproof house far from inflammable materials". They all showed Canada bounded by three oceans, one of which, the Arctic, was completely frozen over for most of the year and choked with ice for the remainder. This was a real barrier to navigation, so that it was not until 1903-6 that the Norwegian Amundsen discovered the long sought North West Passage. In 1942 the first complete passage from Pacific to Atlantic was made through the Arctic by the specially built R.C.M.P. vessel, the *St. Roch*. As long as Canada guarded her Pacific and Atlantic coastlines, and her southern neighbour remained friendly and powerful, Canadians could develop in their own ways behind their natural defences, secure from attack.

But the use of the aeroplane has changed all this. The Arctic Ocean is no longer an impassable barrier, nor is the North Pole the end of the world. Canada now is aware of a third frontier, the Arctic coastline, which looks out over a frozen ocean to Europe and Asia. Transpolar flight is the shortest distance between Canada and European and Asian land masses. This fact forces upon Canadians new problems of defence, new ideas of development of the "frozen north", and new conceptions of east-west and world relationships.

MAP PROJECTIONS

In the past, much of our thinking has been influenced by Mercator's projection, a quadrilateral map divided off into rectangles by each degree of latitude and longitude. Since the meridians, or lines of longitude, do not converge at the poles in a Merca-

tor projection, it follows that the map is accurate in shape and area only at the equator. The farther north or south from the equator, the greater the distortion both in shape and size, so that the poles, instead of being points, are as long as the equator.



MERCATOR PROJECTION

This type of projection is excellent for showing direction and it meets the requirements of the navigator for whom it was originally intended, since it enables a ship's captain to plot his course from degrees of latitude and longitude. But it has led to much confusion in thinking, for the straight line between two points, though giving direction, is not the shortest distance between them. Further, we in Canada tend to think of the North Pole as the top of the map and cannot visualize anything beyond the margin. To us, Europe is east across the Atlantic, while Russia, China and Japan are increasingly further east, if the division of the map comes in the Pacific, as it usually does. It is still strange to our habit of thought to think of getting from Canada to Europe by going north and east instead of due east.

Circumpolar maps of the northern and southern hemispheres, centred on the North and South Poles, are useful because they may represent distances, or areas, or shapes fairly accurately and show the grouping of land masses around the Arctic Ocean, or the Antarctic continent. Directions north and south, being measured



POLAR PROJECTION (AZIMUTHAL EQUAL-DISTANCE)

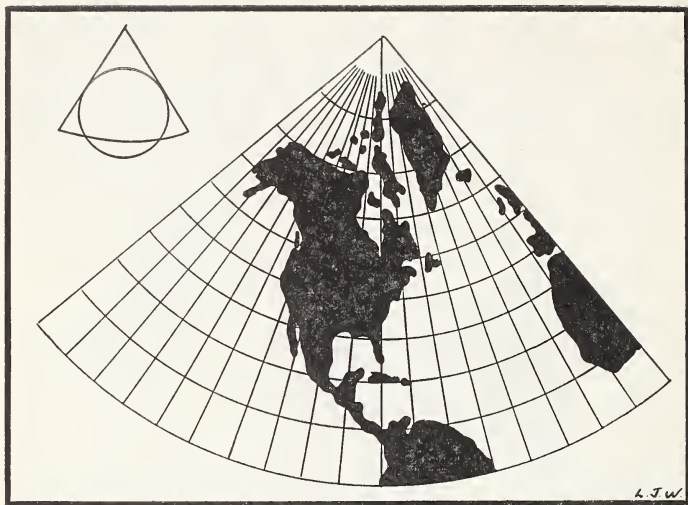
from the centre along straight lines (longitude), are clearly shown, but this is not true of east and west directions. A much greater drawback to this type of map is the insuperable difficulty of showing relationships between places in different hemispheres.

If, on the other hand, the North or the South Pole becomes the centre of the whole world, the relationships between all places in the world may be seen and north and south directions are still clear. But east-west directions are still more confused, and in

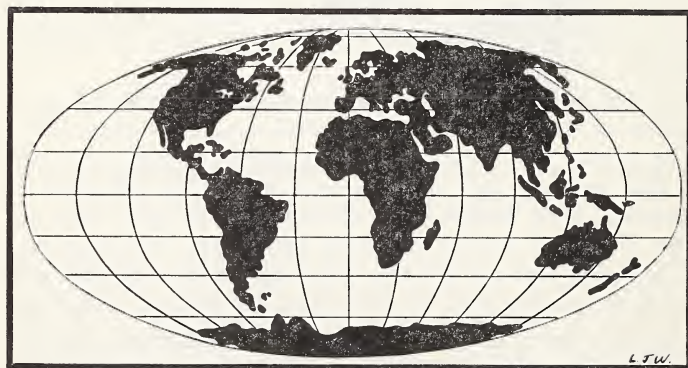
addition everything farther removed from the centre than the equator is hopelessly distorted in area and shape, the opposite pole becoming the circumference of the circle instead of its centre. Thus lines of latitude become concentric circles, each larger than the former, even though beyond the equator, they should be diminishing again in size. The meridians are all radiating straight lines—radii of the circles—but they continue to diverge instead of converging at the opposite pole. True distance is shown only for north and south, or through the centre of the map. For navigation of a polar region about the centre, this type of map is good.

Many map designers have used the circumpolar projection centred at the North Pole and have split the areas, especially those beyond the Equator. Since most of the land mass is in the Northern Hemisphere, most of these maps are centred around the North Pole. When the divisions occur in the ocean areas south of the equator, the relative shapes and sizes of the land masses can be approximately correct, but the relations of distance between places on opposite shores of the split ocean are still more distorted. When the circumpolar projection is split right up one side from South to North Pole, and other cuts come in the oceans south of the Equator, the shapes and areas of most of the continents are accurate, but the division separates Europe from Asia, and ruins the globular concept of the world.

In another type of projection, the map is projected from the surface of the globe on to a cone fitted around the globe at the 30th parallel and coming to a point above the pole. The cone is then split and laid out in a semi-circle. This will result in meridians being straight lines converging at the pole, while the lines of latitude become concentric semi-circles. This conic type of projection does not give true directions, except north and south along the meridian lines, nor does it give true distance. The shapes and areas of the regions around the 30th latitude are accurate but all others are distorted because the cone is larger in circumference at its base than is the equator, and the apex is much farther from the centre of the earth than is the pole. For road maps and large scale maps of small areas this type of projection is fairly satis-



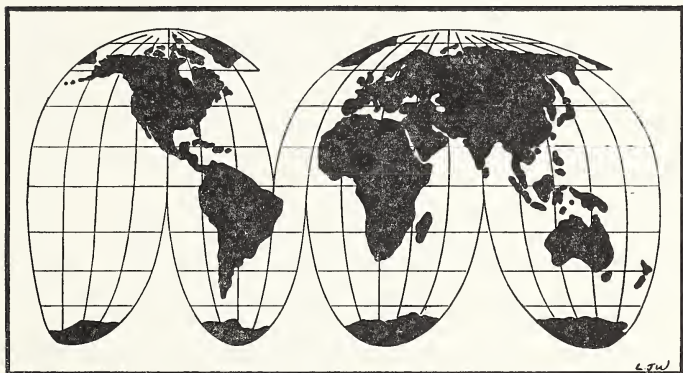
SIMPLE CONIC PROJECTION



MOLLWEIDE HOMOLOGRAPHIC PROJECTION

factory, but again the world must be pictured in two semi-circles and the relation between places in the two halves is difficult to show.

Still another type of projection stresses 'the equal area principle'. Mollweide uses a homolographic projection to depict the whole world. The long axis of his ellipse is the equator, the short one at right angles to it is a meridian. Only the central meridian in his projection is a straight line for the rest curve in to the poles and



GOODE'S HOMOLOSINE PROJECTION

outwards to the equator. This device keeps areas in their correct proportion, but the farther east or west from the centre the greater the distortion of the shape, until the edges become very elongated indeed. This type, too, suffers from the same fault as the Mercator, that is it does not impress upon the observer the idea of the North Pole being surrounded by land masses beyond the Arctic Ocean.

Goode used an adaption of this equal area projection but adapted it farther by "interruptions" in the Pacific from the South Pole to the Equator just west of South America, in the North Atlantic from the North Pole to the Equator, cutting through Greenland, in the South Atlantic from the South Pole to the Equator, and again in the Indian Ocean from the South Pole to the Equator.

This division gives three central meridians and helps to correct the extreme distortion of Mollweide's projection. But, though areas, shapes, and distances on land are mostly fairly accurate, some directions are not clear, and distances by sea become difficult to establish because of the interruptions.

The re-centred Sinusoidal Equal Area Projection greatly resembles Goode's Interrupted except that there is no division in the Pacific. Each continental land mass has its own central meridian, along which distances are true. Distances are also true along all parallels of latitude. The two North Poles and the three South Poles do, however, confuse the sense of direction somewhat.

If the interest in geography is based upon a study of air routes, it will be clear that of the flat maps the circumpolar projection using the North Pole as a centre will be the most useful. The globe remains as always, the most accurate and dependable means of visualizing shape, size, direction, and distance.

OWNERSHIP OF THE ARCTIC REGIONS

Until after the close of the First World War and the overthrow of the Czarist regime in Russia, no one was particularly interested in ownership of the Arctic regions, which were regarded as more of a liability than an asset. In fact Britain had to prod Canada into assuming some responsibility for, and staking a claim to, the Arctic Archipelago. In the present age of air transportation, however, centres of population being most numerous in the northern hemisphere, the Arctic and the ownership of its shores have taken on a fresh importance. While polar flying is still not an established policy, many of the shortest air routes from centres in North America to others in Europe do follow the Great Circle Routes and consequently touch upon these frozen lands. In the field of air transportation, then, and in that of defence, the question of ownership of Arctic territories assumes a new and vital importance.

The most extensive Arctic shoreline belongs to the U.S.S.R. which occupies the whole northern portion of the continent of Asia. In Europe, Russia is again the largest owner, though Finland, Sweden, and Norway, all extend beyond the Arctic

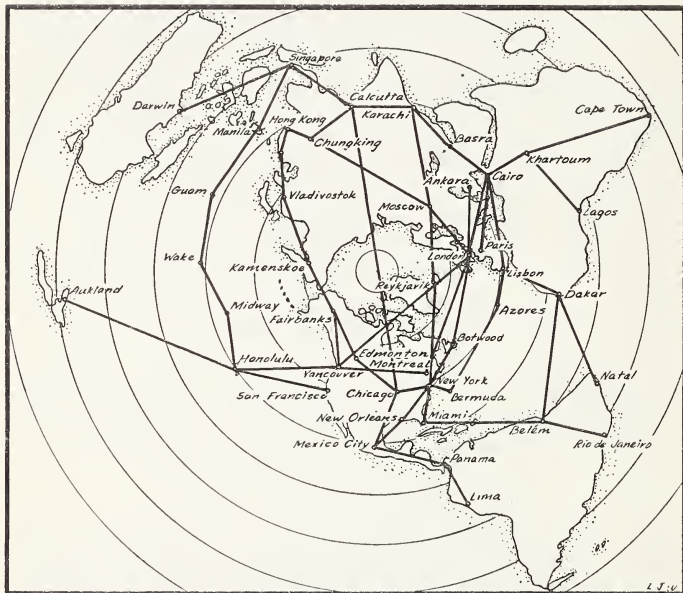
Circle. Only Russia and Norway have Arctic coastlines, however, or possess any of the Arctic islands. Norway owns the Spitzbergen Islands. Denmark—the political owner of Greenland—Canada, and the U.S.A. in Alaska, divide the Arctic of the Western Hemisphere between them, the largest share going to Canada.

In view of the world tension between communist, totalitarian Russia and the Western democracies, this facing of opposing forces across the Arctic poses new problems of defence and development. This is especially significant in the light of the development and study of Arctic conditions carried out by the Russians. As early as 1937 they were operating ski-equipped aircraft from icefields, tundra, and the polar basin. They early devised a method of calculating the thickness and weight-bearing capacity of sea ice from the air. They were able, through their knowledge of the relationship between ice thickness and air temperatures and currents, to forecast ice conditions in a given area two months in advance. Soviet research stations dot the Arctic and Russians state that study, exploration, and the adaptation of civilized life to Arctic conditions, have become routine matters. Therefore it is no longer enough to say that the Arctic Archipelago belongs to Canada because it is contiguous with it. Canada must now occupy, defend, and develop, this region or she may lose it.

THE AIR ROUTES OF THE WORLD

The shortest distance between any two points on the earth's surface is part of a circle, called a great circle, the plane of which passes through the centre of the earth. Land and water transportation were not able to follow these great circle routes because of various obstructions such as mountains, winds, currents, or deserts. Air transportation, however, unhampered by these obstructions, can and does follow these routes. But great care must be taken not to infringe upon the air rights of another country. The shortest route from New York to London lies through Gander, Newfoundland. The United States of America must, then, negotiate with Canada for permission to fly over Canadian territory. Similarly from London to Sydney, Australia, the great circle route crosses over French, Italian, Greek, Egyptian,

Pakistani, and Indonesian-held territories, and the government of each of these states could, if it wished, refuse permission to fly over its territory to any airline or power. Thus the great circle routes are modified, while shorter lines are constantly being organ-



WORLD AIR ROUTES

The distances given below are for routes shown on the map, and are approximate; where there are several routes between two points the distance for the shortest is given. All distances are in statute miles.

New York-London	3,400	Vancouver-London	4,800
New York-Moscow	4,600	Montreal-London	3,200
New York-Mexico City	2,100	London-Moscow	1,600
New York-Rio de Janeiro	5,300	London-Cairo	2,200
San Francisco-Auckland	6,800	London-Cape Town	7,000
San Francisco-Manila	8,000	London-Karachi	4,000
Chicago-Singapore	10,000	London-Darwin	9,000
Chicago-Calcutta	8,000	Moscow-Karachi	2,600
Vancouver-Sydney	7,800	Moscow-Chungking	3,700

ized as new countries and new air companies seek to connect more centres in different ways. In November, 1954, Scandinavian Trans-Polar Airlines System inaugurated a flight each way from Los Angeles through Winnipeg and Greenland to Copenhagen. From the accompanying map of air routes it will be seen how these routes have developed, how New York uses the Gander to London lane or the route by way of the Azores to Paris, whereas Montreal has two routes to Europe, one through Gander and the other farther north through Goose Bay and Iceland. From this map, too, it can be seen that the route from Edmonton to Colombo through Montreal, London, Cairo, and Karachi, is more direct and shorter than the one via San Francisco, Honolulu, Manila, and Singapore. Even great deserts, like the Sahara, can now be crossed by modern aircraft in a matter of a few hours.

These air routes have tied Canada to areas of the world once considered to be so remote that they were of no consequence to Canadians. The world has become one unit, economically, though it is still divided politically and culturally. But air transportation has made it imperative for all nations to know and understand something of fellow nations in order to survive in a world where all are becoming increasingly interdependent. It also poses new problems of defence.

THE THIRD FRONTIER—THE ARCTIC

Until the Spanish, Portuguese, French, Dutch, and English seamen opened up the New World by exploration in the 15th, 16th, and 17th centuries, the Atlantic was the western limit of European culture. At first the settlement of North America was confined to the Atlantic seaboard, but as time went on, more and more traders, adventurers, and settlers, penetrated into the interior until both the United States and Canada reached the Pacific, the limit of western expansion. Now the last pioneer areas are in the north and settlers are beginning to spread their culture and civilization into this last great empty area, urged on by the slogan "Go north young man".

But there is another sense in which the Arctic has become Canada's third frontier. With the development of air travel

along the great circle routes and the realization that nothing but frozen seas and Arctic lands stands between Canada and the U.S.S.R., the Arctic has become important to defence measures. Canada still has her east coast defences and commitments, her Pacific outlook and responsibilities, both of which must be maintained. To the south is the friendly and powerful American republic with which Canadians have long co-operated in many ways. But to the north in the Arctic the citizens of Canada have only now begun to realize their responsibilities, their vulnerability, their potential strength and weaknesses.

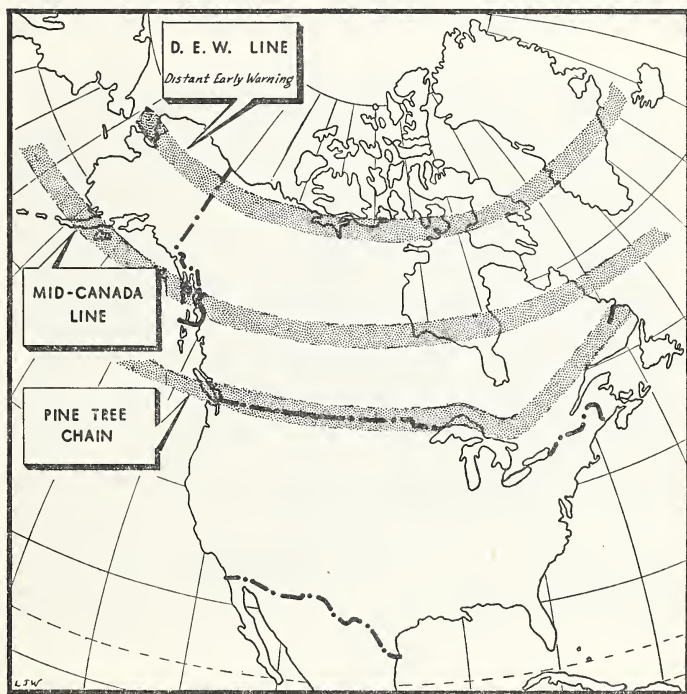
The climatic conditions of these Arctic regions are too severe to encourage all but the hardiest and more adventuresome settlers. The soil, drainage, and resources of the Arctic are not such as to encourage or support a dense population. These conditions combine to throw the population pattern of Canada far to the south of the centre, and the Arctic does not even come near the fringe of settled areas. Except for the police, the military, the fur traders, and the miners, Canadians have been content to let the Eskimos keep this country.

Gradually Canada is awakening to the importance of both the Arctic and the Sub-Arctic. The Arctic is Canada's northern line of defence. It is the buffer between the U.S.S.R. and Canada's most densely populated areas and between the U.S.S.R. and the Sub-Arctic which is so rich in mineral resources. Therefore, though these regions may never be thickly settled, they must not be allowed to fall into enemy hands; they must be developed, and they must be equipped with rapid communication and means of transportation.

CANADA'S STAKE IN THE ARCTIC

The United States regards Canada as a buffer zone between it and the U.S.S.R. Both the United States and Canada, realizing the importance of the Arctic to the defence of the Western Democracies, have co-operated to establish lines of radar posts to give the alert in case of enemy attack by air. Weather stations, many of which are on otherwise uninhabited islands, send out information, which is vital to good air transportation. The Army

and Air Force carry out exercises in the Arctic and Sub-Arctic to test conditions and to acquaint their personnel with Arctic fighting. Recently H.M.C.S. *Labrador* completed the east-west

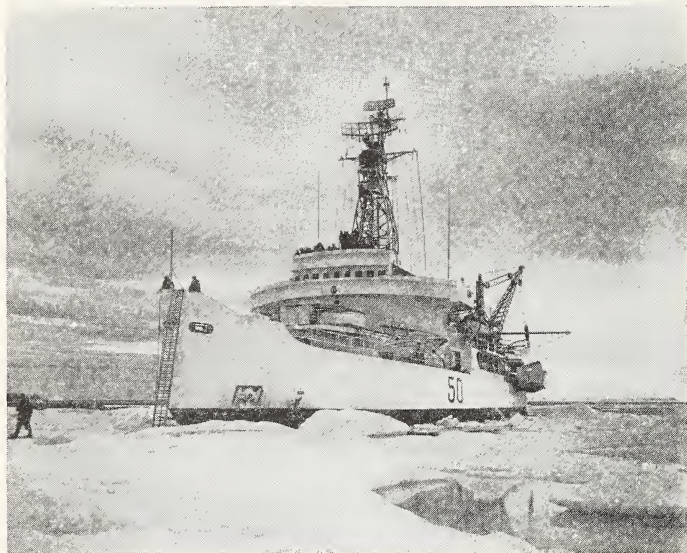


RADAR NETWORKS—ARCTIC DEFENCE LINES

passage through the Arctic and back to Halifax via the Panama Canal, thus circumnavigating North America and giving naval personnel a taste of conditions in the north.

Technical developments have opened up the hitherto forbidding Arctic and Sub-Arctic. Radio has made communications in the

Arctic as fast as elsewhere and keeps the small centres of population as closely in touch with the world as the more populous southern centres. Air transport brings in goods and mail and returns with the valuable products of radium, uranium, and gold. Radar aids in flying especially during the long winter nights of the Arctic. Steel barges with diesel tugs and tractor trains are replacing the



Department of National Defence

H.M.C.S. LABRADOR

old stern-wheelers and the dog team. Government icebreakers keep shipping lanes open for traffic for a longer period than ever before, and supply vessels, hospital services, mercy flights, and radio communication, render a much more efficient medical service to the inhabitants than was possible a few years ago. The federal government and, since 1951, the Northwest Territories Council have improved the administration of the area by dividing

it into the Yukon, the Mackenzie, Franklin, and Keewatin Districts, each under the federal Department of Northern Affairs. Education is no longer neglected, for missionaries now receive supplementary grants and equipment from the Dominion government and the Northwest Territories Administration. In all these ways Canada is demonstrating her growing interest in her Northland.

The Yukon can be served from two sources; first, from the Pacific Coast, by sea from Vancouver, or Prince Rupert; second, by road from Edmonton along the Alaska Highway to Whitehorse, or by air along the same route. British Columbia has seen what the Alaska Highway and air route have done for the development of Northern Alberta, and her government is now planning somewhat similar projects of road and railway building.

The Mackenzie Valley to Aklavik is served from Edmonton by air in regular scheduled flights all the year round. In the summer heavier and less valuable freight is moved by rail from Edmonton to Waterway, thence on flat barges by rivers and lakes, and short road hauls to Aklavik. Port Radium and Yellowknife can only be served in this fashion when their lakes are free of ice. When the rivers are frozen over, tractor-trains take the place of the barges, so that communication and transportation of goods is maintained in one way or another for most of the year, except at freeze-up and spring break-up. The settlements along the western shores of the Arctic get their supplies by boat from Aklavik. In return they send out to markets their products of white fox skins and walrus ivory.

The Keewatin and Franklin Districts of the Arctic are supplied from Hudson Bay through Churchill, or from Quebec by steamer travelling up the Labrador coastline into Arctic waters. Thus all parts of the Arctic are better served, receive more frequent visits from trading vessels, and can call for help in emergencies, and get assistance more quickly than ever before.

The R.C.M.P. is responsible for maintaining law and order among the 9,500 Eskimos of this vast and sparsely settled region. The loneliness of the policeman's life in the Arctic is mitigated by the radio, the aeroplane, and by the variety of his duties, for he

is often doctor, nurse, adviser, and even informal teacher, in these remote areas.

It is possible that the Northwest, consisting of the Yukon and the Mackenzie Basin, might some day be organized into Canada's eleventh province because of the resources of pitchblende, oil, gold, and especially uranium, in this area. But in a region where



National Film Board

CANADIAN GOVERNMENT ARCTIC SUPPLY VESSELS, "C. D. HOWE" AND
"D'IBBERVILLE"

The two ships meet in Craig Harbour, Ellesmere Island, to exchange supplies.

practically all food would have to be brought in, the possibility of building up sufficient population and of establishing adequate transportation, communication, and industry, to make provincial self-government effective would appear to be somewhat remote.

If this is true of the Northwest, it is still more true of the Arctic proper. Here the continuous cold of the winter, the restricted areas of cultivation, the limited navigational season, and the very meagre means of transportation other than air, coupled with the vast distances, make for a country characterized by a few patches of settlement isolated by wide areas of rugged uninhabited terrain.

SUMMARY

Geography, then, has been very generous to Canada. It has endowed her with vast natural resources of many kinds, but it has also given rise to many problems. Some of these, such as the problem of national unity, she has long struggled with; others, like those of the defence and development of the Arctic, she is just beginning to face. Nor must it be forgotten, with all this attention being focused upon the Arctic, that Canada still has traditional links in culture and trade with Europe and with the Commonwealth, as witnessed by her membership in NATO and the Colombo Plan. Even though her position in between the United States and the U.S.S.R. is a potential threat to her security, it must not be overlooked that the United States is her bulwark to the south. We must remember, too, that Canada has a Pacific outlook, and that events in the Far East across the Pacific have a very real effect upon her national consciousness and policy.

The fact that the United States lies between Canada and Latin America may be one of the reasons why Canada is not a member of the Organization of American States, but that does not affect her growing trade relations with these Central and South American countries.

In the past Canada has developed national unity, security, and prosperity. What the future holds for her depends largely upon how she meets and solves her new problems as the northern outpost of western civilization in the Western Hemisphere.

Unit Two

Canada and International Trade

POINT OF VIEW

For a country like Canada, highly specialized in the production of certain raw materials and agriculture, international trade is essential to economic well-being. The problem of trade has occupied the attention of Canadians for a century and a half, providing the basis for political controversy and debate. The balancing of interests, both sectional and industrial, that stand either to gain or lose by the promotion of international trade, has been a significant problem in Canadian government. Despite the diversification of Canadian industry and the movement towards a balanced economy, the international exchange of goods is still of vital importance to Canada.

The economic history of Canada is pertinent to the discussion of current trade policies. The economic theories of the British government in the early 19th century determined colonial policies, giving direction to political developments. Similarly the debate between the supporters of free trade and those who favour protection has altered the course of Canadian history on more than one occasion.

CHAPTER IV

INTERNATIONAL TRADE

International trade is the exchange of goods and services between individuals located in different countries. It is similar in most aspects to domestic trade except that it involves a foreign currency exchange in order to pay the seller in the money used in his own country. Besides this, there is also involved greater government control because of the restricting or taxing of external trade.

In general there are three reasons why nations engage in international trade. Foremost among these is national insufficiency. No nation can produce within its borders all that its people want. To have such things as tea, coffee, silk, and rubber, it is necessary for Canadians to import them from other countries, and this involves international trade. Another reason for international trade is that most countries produce more of certain goods than they can use, and the surplus must be sold abroad; otherwise the price would fall so low on the domestic market that no profit could be made by the producer. For example, Canada must sell abroad much of her wheat, lumber, fish, and live-stock, in order to maintain both production and prices. The third reason for international trade is that it makes it possible for a country to obtain certain goods more cheaply than they could be produced at home. For example, most nations can obtain silk goods from Japan, woollen goods from the United Kingdom, and automobiles from the United States, more cheaply than they could produce similar goods themselves.

Since the beginning of the nineteenth century the monetary value of international trade has increased thirty-fold. The mechanization of industry and the urbanization of the working classes brought about great economic and social changes. The general standard of living rose rapidly throughout the industrialized nations as a result of the increased quantity and improved quality of the goods produced. The development of cheap, rapid, and efficient systems of communication and transportation has reduced the geographic problems associated with international trade, while at

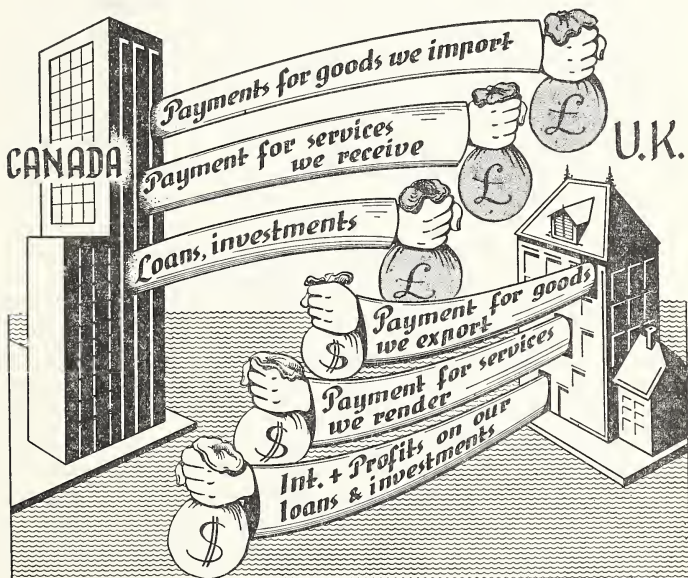
the same time industrial specialization and technological advances have increased the demands for such trade. Most modern nations strive to increase their exports and to maintain their markets abroad; otherwise they encounter economic difficulties. International trade makes it possible to acquire in sufficient quantity and at moderate cost the great variety of materials desired by modern society.

There are a number of commonly used terms which should be defined at the beginning of this unit. Its subject is economics, the science which deals with wealth and trade. Wealth means economic goods which satisfy human wants and which can be exchanged for other goods or transferred from one person to another. Money, land, buildings, equipment, raw materials, manufactured goods, power plants, and parks, are all examples of wealth. There are two kinds of wealth—public wealth and private wealth, the former being owned by the municipality, the province, or the nation, and the latter being owned by the individual or the company.

Goods are closely associated with wealth. There are the material things and the non-material services that satisfy human wants. It is necessary to distinguish three classes of goods: capital goods, consumer goods, and services. Capital goods are those not intended for use by the consumer directly but used to produce other goods. Thus land, oil wells, power plants, machines, and factories, are examples of capital goods; whereas bread, gasoline, refrigerators, and automobiles, are used directly for the convenience of the individual and are classed as consumer goods. Services include entertainment, insurance, hair cuts, and driving lessons, and are rendered by the citizens of the country as a result of their skill, training, and experience. Production has to do with the making of goods; exchange deals with the transferring of goods; and distribution with the sharing or possessing of them—that is, with the sharing of the national income. Consumption refers to the using up of goods, for example, the eating of foodstuffs, the burning of coal, the wearing out of clothes, or the enjoyment of a motion picture. Taxation deals with the demands made by governments to pay for the services they render to society.

BALANCE OF TRADE

The balance of trade of a country is the difference between the total value of the goods it imports and the total value of the goods it exports during any fiscal year or other trading period. In determining the balance of trade, invisible goods or services such



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THE PRINCIPLE OF THE BALANCE OF TRADE BETWEEN TWO NATIONS

as those connected with the tourist industry, the insurance companies, and the entertainment profession, are considered, as well as the visible or material goods. If any country exports goods of a greater value than it imports during any period, it is said to have a favourable balance of trade; but if its exports are less than its imports, its trade balance is said to be unfavourable. If a country

should experience an unfavourable balance of trade over a considerable period of time, its government might be expected to impose restrictions against certain imports in order to regain a more satisfactory trade balance. Another remedial measure it might adopt would be to devalue or lower the exchange rate of its currency in relation to that of other countries. The object of this would be to increase its exports through the lowering of their prices in the currency of other countries, and at the same time to decrease its imports through the raising of their prices on the domestic market. This was the policy adopted by the United Kingdom in 1949 when it devalued the pound to \$2.80 in United States currency. However, it is a policy usually adopted only when the country is in serious difficulties, and with great reluctance, since if all countries were to resort to it, no one would be any better off.

BALANCE OF INTERNATIONAL PAYMENTS

From time to time a country must make a true or actual balance of all the debits and credits it has incurred in its international dealings. A statement of the totals of all visible and invisible imports and exports shows the actual amount of coin or bullion that must be paid or received in order that its transactions for that period may be settled. The sum of such monetary transfers is called the balance of international payments. For example, in 1947 Canada received current credits from abroad of \$3,733,000,000 while her imports and other debits amounted to \$3,648,000,000, leaving her a favourable balance of \$85,000,000. To complete the balance of international payments for this period would require a transfer of money to Canada of this amount, namely \$85,000,000. On the other hand, an unfavourable trade balance makes it necessary for a government either to reduce its reserves of credits in the country to which it owes money, or to borrow, or to send gold, in order to make up its balance of international payments.

After the Second World War the United States, with a very favourable balance of trade, spent freely abroad on such things as Marshall Plan and arms aid. These loans by the United States

enabled other countries to buy from their neighbours and from the United States by making the necessary dollars available to them.

THE MECHANICS OF INTERNATIONAL TRADE

Usually individuals or private companies make purchases or sales in foreign countries and arrange for shipments of goods into a country. A chartered bank may act as the agent in exchanging the purchase price from the currency of the buyer's country to that of the seller's country, crediting it to the seller's account. The owner of the goods sells his right, or claim, to the bank for money or for credit to his account. The bank sends its claim in the form of a draft or bill of exchange to its branch or agent in the country to which the goods are being shipped. The branch bank or the agent presents the draft to the purchaser; and he, upon accepting the same, deposits the money necessary to pay for the goods. If such a transaction were made by selling Canadian goods to a firm in England, it would mean that the Canadian seller received credit from the bank in Canadian dollars; that the purchaser in England paid for the goods in British pounds sterling; and that the bank sold Canadian dollars from its reserves for British pounds at the current rate of exchange. In such a transaction the bank is paid for its services by the slightly higher rate at which it sells the pounds or dollars over that at which it bought them, a difference of possibly one-half of one per cent. However, the rate of exchange will vary from time to time depending upon the relative values of Canadian dollars and British pounds, and also upon the accumulation or the shortage of either dollars or pounds in the amounts held by the bank or available to it.

In times of crisis when the currency of a country is unsteady or insecure, a bank may refuse to accept it in return for sound currency, or may discount the weak currency at a greater rate of exchange than usual. In general it may be stated that the rise and fall in value of a country's monetary unit, such as the dollar, pound, mark, or franc, is in direct relation to its favourable or unfavourable balance of trade.

The exchange rate of the currency of a country may be con-

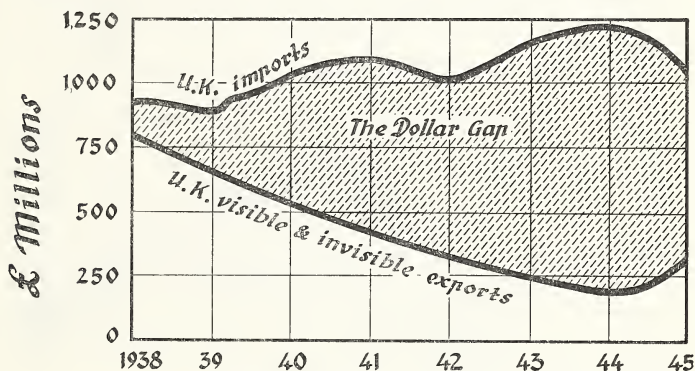
trolled, that is, it may be fixed or pegged by the government of the country, just as the pound sterling is set by the British government at 2.80 United States dollars. On the other hand, the exchange rate may be uncontrolled, as it is between Canadian and United States dollars at the present time. If its trade balance is highly unfavourable, a country may deem it expedient to set the exchange rate, and at the same time to restrict imports into the country and to limit the amount of money that may be sent out of the country for any reason. Such a course of action was followed by both the United Kingdom and Canada during the Second World War and in the months after that conflict. However, when the Canadian dollar was freed from controls it rose in value from its fixed rate of \$.90 in United States currency to \$1.02, and in 1955 the exchange rate remains fairly steady with a slight premium (about 3%) being offered for Canadian currency.

THE DOLLAR AREAS VERSUS THE STERLING BLOC

The monetary standard of the United States and of Canada is the dollar, that of the United Kingdom and the rest of the Commonwealth is the pound sterling. Those countries which trade through New York or Montreal banking centres and accept dollars in return for their exports are said to belong to the dollar area. This includes most of the countries of North and South America. Similarly, those countries which trade through London and are willing to accept pounds sterling for their exports are said to be in the sterling bloc which is made up of the United Kingdom, Australia, New Zealand, the Union of South Africa, the sub-continent of India, and most countries in Africa and western Europe.

The First World War dealt a severe blow to Great Britain as the banker of the world, and the Second World War made her economic position still worse. The pound sterling, which was equal to \$4.87 in United States money when both Britain and the United States were on the gold standard, fell sharply when the United Kingdom found it necessary to abandon that monetary basis in 1931. In 1949 the British Labour Government fixed the value of the pound at \$2.80 in United States currency. The two

global conflicts affected the countries of western Europe and most members of the sterling bloc in a similar way, causing the accumulation of huge war debts, the disruption of their economy, and the need to import large quantities of goods from the dollar area. At the same time these countries were compelled to pay with their depreciated currencies not only the actual costs of the visible goods



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BRITAIN'S DOLLAR SHORTAGE

How the "dollar gap" between what the United Kingdom spent abroad and what it earned there widened during World War II. When the war ended, the "Battle of the Gap" began.

they imported, but the principal and interest on their loans from the dollar area as well. Thus they faced a continual dollar shortage in their international dealings, or would have done so if they had not restricted their imports from the dollar area and encouraged their people to trade in the sterling bloc.

As a result of the dollar shortage which Britain faced in her trade with the western hemisphere, she "rationed" funds for the purchase of those goods which were most necessary, such as wheat, timber and wood products, and metals; and she prohibited the purchase of other goods which could be obtained more cheaply from the sterling areas. The combined efforts of the British government to improve the balance of trade through increased

exports, controlled exchange rates, restricted and guided imports, and increased returns from investments abroad, have brought such a measure of success during recent years that it has been able to make a considerable payment on its debt to the United States and Canada. However, other factors, such as the effects of Canadian loans and more favourable terms of trade with the end of wartime shortages, may have helped Britain to achieve the successes mentioned.

PROSPERITY AND DEPRESSION—THE BUSINESS CYCLE

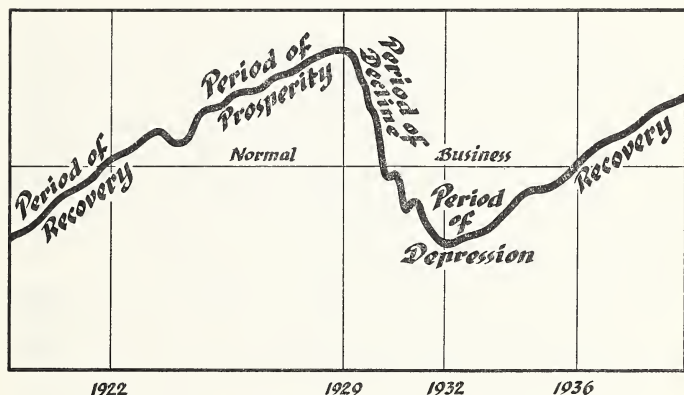
Economic conditions do not long remain in a state of equilibrium. Sometimes business is good and at other times it is poor. Sometimes there are jobs for all and at other times there are many unemployed seeking jobs and not finding them. Sometimes wages and prices are high and at other times they are low. Such changes have occurred so persistently for many years that they have come to be known as "business cycles". A business cycle may be defined as the changes that occur in business over a period of years during which conditions of prosperity alternate with conditions of poverty and depression. The diagram on the following page illustrates the phases of a business cycle.

It is not possible in this brief study to review the history of the business cycle or to study its fundamental causes or suggest remedial measures for recurring depressions. However, because the business cycle frequently affects not only a single country but the whole world, and therefore has much to do with the course of international trade, it is well to recognize the characteristics of each phase of the cycle.

During the four years immediately preceding the Second World War many countries were emerging from the most prolonged and severe depression of modern times. That phase might be termed the period of recovery. The main characteristics of such a period are an increase in industrial activity, in employment, in wages, and in purchasing power. Prices are rising, and business is forging ahead. Strikes are few, and there is generally a spirit of optimism regarding the future.

This leads to the next phase, the period of prosperity. During

this phase production reaches its maximum, with commodity prices and wages high, and employment at its peak. Purchasing power reaches new heights and consumers demand more goods. Businessmen make large profits. This is the phase remembered by the employer and the worker as that "when times were good". Unfortunately such conditions do not last. Certain factors enter and bring on a crisis which may introduce the third phase, that of a decline. This period is characterized by decreasing industrial activity, falling prices, and more unemployment. Strikes are fre-



THE FOUR PHASES OF A BUSINESS CYCLE

quent, with falling wages and a sense of insecurity. Business failures frequently occur as surplus goods fail to find markets and banks restrict credit in an endeavour to reduce the amount of money on loan.

This decline may pass within a short time, or it may be prolonged and become worse until the phase known as a depression sets in. This period sees things at their worst for both the worker and the manufacturer. Industrial activity is at a minimum; prices are low; many are unemployed, and those who do have jobs may be employed only part time because factories may be operating

only two or three days a week. Many businesses fail. The standard of living declines, and most people find it necessary to cut their budgets to the minimum. But this phase does not last indefinitely. Surpluses are eventually used up; demand for more goods increases; industrial activity rises once more; and the business cycle enters once more the recovery phase. One of the major concerns of governments and of individuals is to find some means of preventing depressions which bring so much distress and suffering to so many people.

GOVERNMENT CONTROL

The government of a country usually takes measures to exercise some control over its international trade. One such measure is to set import duties in order to protect national industries as well as to provide a source of revenue. Another is to arrange reciprocal trade agreements for the purpose of exchanging certain essential goods. Yet another activity of a government in international trade may be the disposal of excess production on the foreign market at prices below the cost of production in order to keep up the prices in the home country, a practice known as "dumping".

The Canadian government, under the powers and regulations set forth in the Export and Import Permits Act, administers controls on the movement of scarce commodities and strategic materials. In this way control is exercised over the export of arms and munitions, implements of war, atomic energy materials, and other strategic items. Attempts are constantly being made to prevent critically important shipments being sent to undesirable destinations.

TRADE COMPETITION

One of the main problems confronting a government today is that of regulating its international trade for the economic well-being of the country as a whole. If it allows unrestricted importation of goods, its own industries may suffer irreparable damage. On the other hand, if it restricts imports unduly, it may lose its markets abroad and hinder its own industries from developing to their maximum capacity.

Many people believe that trade competition and not government control should determine both the productive capacity and the international trade of a country. They argue that under competition or free trade no group or class receives special favour and the people benefit as a whole, what is best for the majority of the citizens being best for the country.

One important factor in trade competition is that of wage rates paid to the worker. The higher wages in western countries as compared with those in India or Japan affect the cost of production to a marked degree, and so determine in part the advantage possessed by the manufacturer in a low-wage country under a system of unrestricted trade competition. For this reason labour groups in Canada, the United States, the United Kingdom, and Australia, urge their governments to restrict the entry of goods from low-wage eastern countries, because it would put the western worker out of a job and lower his standard of living. Advocates of free trade insist, however, that if the consumer is allowed to buy where he can most cheaply he will raise his standard of consumption.

Another factor of production that affects trade competition is the efficiency of labour. Efficiency helps to offset the advantage gained by the employer of low-wage workers. A highly-skilled tradesman in a specialized industry may produce goods of such superior quality and in such greater quantity that they bring in a higher monetary return than those produced by the lower paid and less competent worker.

Similarly, the efficiency of capital goods must be considered. By employing special machines and improved processes, a producer may gain a considerable advantage in returns even over one who employs workers at a much lower wage scale but fails to utilize the same technological advances.

A fourth factor affecting competition in trade is the organization of capital for production. If a country taxes the producer of goods unduly, the effect may be an unwillingness to invest in production and risk economic loss thereby. A somewhat similar condition, as far as the employment of capital is concerned, exists when the wealth of a country is concentrated in the hands of a privileged social class which does not engage in productive enter-

prises, as in the case of Spain. Again, a country's wealth may be employed in production, but in an inefficient manner because of outmoded methods and archaic machinery.

In order to increase the competitive capacity of a country to its maximum in the international economic tug-of-war, all the factors of production must be utilized: an adequate standard of living and sufficient leisure; a highly skilled and efficient labour body; efficient and up-to-date machines and methods; and the broad utilization and organization of the nation's wealth in all phases of production and distribution.

CHAPTER V

THE DEVELOPMENT OF CANADA'S TRADE POLICIES

THE MERCANTILE SYSTEM

Until the beginning of the nineteenth century it was a generally accepted theory that colonies existed for the benefit of the mother country. They were to supply her with the products which she needed, and to provide a market for the things—particularly manufactured goods—which she produced. A group of London merchants, writing to the merchants of Quebec in 1766, summed up the view in these words:

“The system of Great Britain is to produce a mutual interest by supplying her colonies with her manufactures, by encouraging them to raise and receiving from them all raw materials, and by granting the largest extension of every branch of their trade not interfering with her own.”

This was the mercantile system. It meant encouraging the colonists to produce the various things which the home country did not raise, and discouraging them from engaging in any branch of production or manufacture which might compete with similar enterprises in the motherland. It also meant excluding as far as possible any direct trade by foreigners with the colonies. Commerce was to be kept as far as possible within the empire; shipping was to be monopolized by the mother country and the colonies; and colonial producers were to supplement rather than compete with the production of the homeland.

NEW FRANCE AND ACADIA

Both the economic structure and the geographic situation of New France made it comparatively easy to enforce such a policy in that colony. The St. Lawrence offered the only approach by sea. There were no foreign settlements directly across the Canadian border. Thus it was not easy for foreign traders to gain access or

for smugglers to bring in foreign goods. France could maintain an effective monopoly of trade, however much the colonists themselves might be tempted by the cheapness and better quality of English merchandise. Exports from Canada went almost automatically to the French market. Those exports were chiefly furs, and the fur traders in the colony sent their produce to the merchants at home on whom they were dependent for goods and credit.

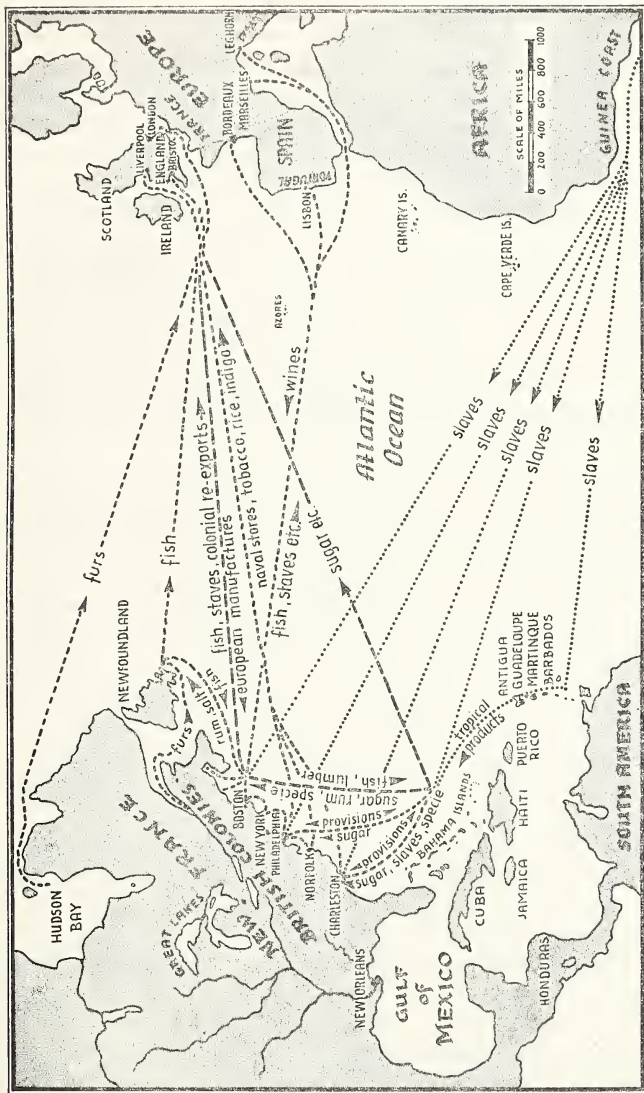
In Acadia, which was closer to New England and more open to traders coming across the Atlantic, the control was less complete. There was an active trade between Port Royal and Boston; and when the French surrendered Acadia and retreated to Cape Breton, the need for an outside food supply led to a trade with Nova Scotia as well as with New England—a situation which roused complaints of officials on both sides concerning the foreign goods which found their illicit way into the respective colonies.

There was little temptation for Acadia to set up manufactures, and not much more for New France. What there was, the home government carefully controlled. While textile manufacture was prohibited, the attempt to start an iron industry was encouraged. Lumbering and shipping were also favoured, and bounties were offered for the raising of hemp. Although none of these activities could rival the fur trade, they showed the benevolent side of the mercantile system which partly offset its restrictions.

THE ENGLISH NAVIGATION ACTS

England on her part adopted the prevailing theory of colonial trade. Her rise as a commercial state, and her desire to encourage the growth of shipping, provided strong motives for keeping the trade of the empire in her own hands. From the time of the first Navigation Act in 1651, a series of measures sought to make the colonies serve the industrial and commercial interests of the mother country.

In general these acts limited colonial trade to ships of England or the colonies which were manned by British crews. There was, however, some relaxation on behalf of foreign ships which carried the products of their own lands. The colonies on their part could ship most of their products direct to foreign countries and even bring



COLONIAL TRADE ROUTES

back imports from there, although these were usually subject to a high duty unless they were carried first to England.

There were, however, exceptions. Certain commodities which England especially desired from the colonies could not be sold abroad, but could only be shipped to England. These "enumerated commodities" included such products as sugar, tobacco, and naval stores. To offset the loss of foreign markets, these products were often given a tariff preference or even a monopoly in England. Thus the sugar planters of the West Indies and the tobacco growers of Virginia enjoyed a favoured position, and the northern colonies benefited from the bounty that was granted on masts and naval stores. Perhaps most important of all, colonial shipping shared the protection which was thus afforded to imperial trade, and the growth of New England commerce was at least partly the result of the mercantile system.

The bounds of that system, indeed, soon proved too narrow for the expanding trade of the colonies. Several profitable triangular routes had, it is true, been developed by the eighteenth century. Ships from the northern colonies which carried grain and lumber and fish to southern Europe exchanged these products for fruit and wine which they carried to England, securing manufactured goods there to take back to the colonies. Those who went to the West Indies with lumber and fish carried fruit and sugar to England and returned with manufactured commodities. New England rum bought slaves on the African coast to supply the West Indies, whose sugar and molasses went to New England to be transformed into a fresh supply of rum.

As colonial trade and shipping grew, however, there was inevitably a search for wider and more profitable opportunities. The temptation grew to bring back European products, in defiance of the Navigation Acts, without touching at England at all; and the cheaper and more plentiful sugar of the French West Indies offered successful competition to the product of the British islands. The outcome was the growth of large scale and barely concealed smuggling which disregarded the regulations and evaded the duties, and which the officials in the colonies found it almost impossible

to check. By 1760, colonial merchants had grown accustomed to accepting the benefits of the mercantile system and disregarding its restrictions.

THE FREE TRADE MOVEMENT

With the success of the Thirteen Colonies in breaking away from the motherland and forming a new and independent nation, the imperial structure of the eighteenth century was completely shattered. Britain's old colonial system had been built around her colonies in America. Even India, which was steadily growing in importance, held a secondary place in British policy. The struggle with France had turned to a very large extent on imperial rivalry, and Britain had concentrated on the conquest of North America as the best means of striking a vital blow at French power. By 1783 this work seemed to lie in ruins. The First Empire had come to an end, and Britain faced the question of what policy should be adopted toward the possessions which remained.

The first attitude was one of pessimism about the future. The shock of the American revolution had resulted in considerable disillusionment about the value of colonies and the permanence of any imperial system. This feeling was particularly strong with respect to colonies which were settled from the homeland. Where the population was composed of native races who had no tradition of self-government and who could be kept in subjection by a handful of British officials, there was a greater possibility of maintaining control. But the pioneers who left Britain to plant new communities overseas were less likely to remain content with a permanent subordination to the mother country. As these colonies grew in population and wealth, their sense of maturity would ultimately lead them to cast off their earlier ties and to demand full control of their own destiny. The statement of the French statesman Turgot, that colonies were like fruits which clung to the parent tree only until they were ripe, seemed borne out by Britain's experience in America.

This did not mean that the British government had any particular intention of hastening the separation. In spite of the loss of the Thirteen Colonies, Britain retained a foothold on the American

continent which she had no desire to give up. But there was very little faith in the possibility of developing the colonies of British North America as part of an integrated and coherent imperial system. The attempt to work out such a system in the years after 1763 had led to the disruption of the empire. There was no desire to provoke a new conflict by trying to tighten imperial control over the remaining provinces. And to add to the lessons of the American revolution there was a decline in the motives which had animated the old colonial system—a decline which resulted from the progress of the industrial revolution in Great Britain.

The old colonial system had been based on the theory of mercantilism. Its object was to increase the prosperity of the mother country by developing areas which would supply the products which Britain needed to supplement her own production and the markets which would give an outlet for her manufactured goods. By preventing the colonies from competing with British production, and by excluding foreigners from trade with the colonies, the mother country expected to monopolize the growing commerce of a vast and scattered area in the interests of British prosperity. With the loss of America, however, the centre of gravity in this system was violently shifted; and simultaneously the ideas of the mercantilists were gradually falling into disrepute in the face of the new doctrine of *laissez-faire*.

This was the result of Britain's industrial progress and the theories to which it gave rise. Hitherto it had been taken for granted that free trade with foreign nations was something to be avoided. If British goods were sold abroad for cash, that represented a profitable transaction. But if foreign goods were accepted in exchange, the foreigners also profited, and at Britain's expense. Now these ideas were being seriously attacked. A new view became current that in any fair exchange, both parties profited, and that the greatest profit would result if all parties had complete freedom to buy what they needed wherever they could get it at the cheapest price, and to sell their products in whatever markets offered the highest return.

This view was particularly attractive to the new manufacturing class. With the coming of machine industry, British productive capacity soon outran the demands of the imperial markets.

At the same time the desire to keep the cost of production to a minimum meant that the industrialists wanted to buy their supplies outside the empire whenever they could be obtained more cheaply from foreign sources. As the inadequacy of the empire as either a market or a source of supply became apparent, the increasing importance of foreign trade brought a realization that foreign imports must be accepted if foreigners were to be enabled to buy British exports. By the latter part of the eighteenth century the mercantile system was ceasing to be an advantage and was becoming a burden in the eyes of many people in Britain.

The new doctrines were given a tremendous impetus by the writings of Adam Smith. In 1776, the year of the American revolution, he published his great work, *The Wealth of Nations*. It was an expression of the changing viewpoint resulting from new conditions. Among other things, it cast serious doubts on the value of the Navigation Acts and similar commercial restrictions. It suggested that there were natural economic laws whose free operation would guide the course of trade and commerce to the best advantage of all parties. Any artificial restrictions which interfered with the operation of these natural laws were harmful in their effect. They raised barriers which increased the cost of production and prevented full access to the most favourable markets, and so worked to the detriment of the national prosperity.

Such views had a profound bearing on British colonies. Canada's commercial progress would have been much slower if she had not received preference for her lumber, wheat, and potash, under the mercantile system.

In 1815, a law was passed in Britain which forbade the importation of foreign corn when the price fell below ten shillings a bushel. This was later changed and a sliding scale of tariffs was imposed. Although the Canadian product received some tariff preference over foreign grain, the new policy embodied in the famous Corn Laws meant that the English market was closed to Canadian wheat when the price was low in England.

As an aftermath of the Napoleonic Wars, England suffered from unemployment and high taxation. Tariffs on grain meant expensive bread, and for this reason there was little sympathy with

the policy which protected the interests of the wealthy landowners and imposed hardships on the labouring class. The leaders of the industrial revolution wished to get rid of foreign tariffs on British goods and they believed that this could be achieved if Britain reduced her duty on imports, particularly on grain. An aggressive programme was carried on by the Anti-Corn-Law League, and when the potato crop failed in Ireland the government was stimulated to action. In 1846 the Corn Laws were repealed and this ended any preference enjoyed by Canada in the British market. The Navigation Acts were repealed in 1849, and with this establishment of free trade the last remnant of the mercantile system disappeared.

This major change in British trade policies produced significant changes in the economic activities of British colonies in North America. Canada and the Maritimes, within a few years, started a protective tariff policy, embarked on a reciprocal trade agreement with the United States, and found economic reasons for Confederation.

THE GALT DOCTRINE AND PROTECTION

By 1841, several industries were well established in both Upper and Lower Canada. Canadian products, such as agricultural machinery, textiles, shoes, paint, paper, and nails, were expensive compared with the goods produced elsewhere. The world depression of 1857 forced the Canadian government into a policy of protection. Tariffs were raised to protect Canadian industries. This action brought protests from the British ministry. It was inclined to regard this Canadian colonial policy as an affront to the British free trade policy. The Canadian Finance Minister, Sir Alexander Galt, replied: "It is, therefore, the duty of the present government distinctly to affirm the right of the Canadian legislature to adjust the taxation of the people in the way they deem best—even if it should unfortunately happen to meet the disapproval of the imperial ministry." The tariffs, though low and limited to a few articles, were for protection and not primarily for revenue. Nevertheless, the British government acquiesced and limited protection became a feature of the Canadian economy.

RECIPROCITY

The abandonment by Britain of all colonial preferences proved a hardship for exporters of Canadian wheat, flour, and lumber, and it was natural that these exporters should seek markets elsewhere. The geographical position of the United States with respect to Canada could not be overlooked. The Reciprocity Treaty which Canada and the Maritimes concluded with the United States in 1854 provided for the free exchange of natural products. Trade doubled during the period of the treaty, and to a considerable extent this prosperity could be attributed to the reciprocal agreements.

In 1866 the treaty was terminated by the United States. Some Americans felt that the treaty was of little benefit to them, and others expressed the view that the protective tariffs placed on Canadian manufactured goods in 1858 were contrary to the spirit of the treaty. In the main it was the Civil War in the United States that dealt the fatal blow to the reciprocal arrangement. Both Canada and Britain had offended the victorious Northern States by sympathizing with the Southern States, and the hostility of the North was expressed in an attack on the reciprocity agreement. The agreement was terminated and once more the trade system of Canada and the Maritimes received a rude shock.

With British preference lost and American markets partly closed by a high tariff, the Canadian provinces felt more seriously than ever the need to develop an active and protected trade with each other. Certainly this economic hope was one of the forces which resulted in Confederation in 1867.

THE NATIONAL POLICY

The supporters of Confederation looked forward to an increase in Canadian manufacturing industry. It was hoped that Canada would become less dependent on outside products and more self-sufficient in her own production. In particular, the settlement of the West would provide markets there for Canadian manufactured goods, and the growth of industrial towns would in turn offer markets for the agricultural products of the prairies.

These hopes, like so many others, were slow in being realized.

The settlement of the West was delayed, and the depression of 1873 was a serious blow to Canadian industry. The United States with its high tariff policy offered no outlet, and manufacturers began to demand that Canada on her part should keep her home markets for her own industries. Since the United States would not agree to reciprocity of trade, Canada should embark on reciprocity of tariffs. The Liberals under Mackenzie were unable to secure reciprocity and unwilling to adopt protection. But Sir John A. Macdonald saw an opportunity to rally the support of the manufacturing interests, and he and the Conservatives fought the election of 1878 on the protectionist issue. Their victory led next year to the adoption of a protective tariff under the title of the National Policy, with a series of duties designed to aid such industries as the textile and steel and shoe manufacturers by customs rates of from 25 to 35 per cent.

From then on the protective tariff became a central point in the policy of the Conservative party. But there were Liberals who were also sympathetic to protection in spite of the old Grit tradition of free trade. When Laurier came to power, he showed himself in favour of moderate protective tariffs. Some duties were lowered to satisfy the farmers, but the basic structure of the National Policy remained with little change during Laurier's term of office.

It is a matter of dispute how much protection had to do with the growth of Canadian industry. By the beginning of the twentieth century, however, the growth of a national economy was proceeding apace. The foundations of Canada's industrial structure had been laid during the preceding twenty-five years. With the return of prosperity and the settlement of the West, it entered on a period of rapid expansion. The value of Canadian manufactures tripled between 1890 and 1910. Prosperity meant that more capital was available for the building of plants, and this was supplemented by British and to a lesser extent American investments in Canadian industry.

This however did not mean that Canada had developed a self-sufficient economy. She was still dependent on world trade for her prosperity. Her most important exports continued to be natural products. As other countries became industrialized, their

factories and cities demanded the foodstuffs and raw materials which Canada was able to supply. Exports of timber and wood-pulp, of such minerals as nickel and copper, of meats and dairy products, all showed important increases. Most spectacular of all was the development of prairie wheat and the rise of Canada to a leading position in the wheat markets of the world. For continued prosperity, an active foreign trade was essential to the Dominion.

RENEWED EFFORTS AT RECIPROCITY

All but a fraction of that trade was conducted with two countries, Britain and the United States. In 1901 over half of Canada's exports still went to the United Kingdom. Britain's firm adherence to free trade prevented the granting of a preferred position in her markets to the products of the Dominion, but Canada was able to develop an increasing trade with the mother country in competition with foreign nations. Her trade with the United States was also increasing in spite of tariffs on both sides. But Canada bought from the United States far more than she sold to that country, and she felt that the American protective tariff was a serious obstacle in the way of exports to that important market. If a reciprocity agreement could be reached between the two countries, it might offer substantial benefits to Canada.

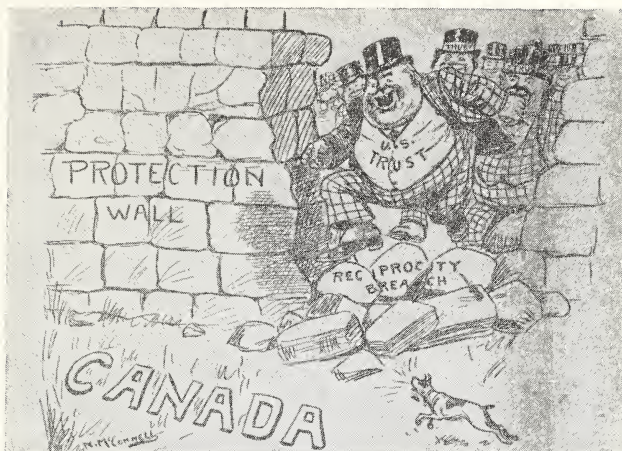
When the United States put an end to the earlier treaty of reciprocity in 1866, it meant that she sacrificed the rights in the Canadian fisheries which she had enjoyed under that agreement. The Canadian government hoped that American interest in the fisheries might offer a bargaining point for renewed trade arrangements. When in 1871 negotiations were undertaken at Washington to settle outstanding differences between the United States on the one hand and Britain and Canada on the other, Sir John A. Macdonald as one of the British delegates fought hard for a renewal of reciprocity. But protectionist sentiment was strong in the United States, and it soon became clear that any new trade agreement would be rejected by Congress. In the end Canada felt obliged to admit the Americans to the fisheries in return for a cash payment, rather than wreck the negotiations by holding out for trade concessions.

But this did not end Canada's desire for closer trade relations. During the remainder of the century, successive efforts were made by both Liberals and Conservatives to negotiate a treaty of reciprocity. The failure of the National Policy to restore prosperity, especially in rural Canada, led in the 1880's to a movement for Commercial Union which advocated free trade between Canada and the United States and a common tariff against the rest of the world. Nothing came of these efforts. The high tariff forces remained in control in the United States, and when Laurier explored the situation after his victory in 1896 he became convinced that there was no chance of an agreement. At the same time the revival of prosperity in Canada made the question less urgent. Laurier announced that there would be "no more pilgrimages to Washington" and fell back on a policy of moderate protection accompanied by imperial preference.

When the effort at reciprocity was renewed, it was on the initiative of the United States. The rising level of the protective tariff provoked a growing opposition in that country which reached a climax under President Taft. In the hope of moderating this opposition at home, Taft suggested reciprocity with Canada. Laurier on his part was discovering that his policy of combining moderate protection with imperial preference had not satisfied all sections of the electorate. The farmers in particular wanted a lower tariff on manufactured goods, and this desire, as well as the wish for wider markets, might be partly satisfied by a trade agreement with the United States. In 1911 the matter was arranged. A wide range of natural products was to be admitted by both countries free of duty, and lower tariffs were to apply to certain other articles including various manufactured goods.

But Canada, which had formerly sought reciprocity, now turned it down. Opposition came from a wide variety of sources. A number of groups, including railway and manufacturing interests, had benefited from the Canadian tariff and were opposed to its modification. But perhaps the most significant factor in the defeat of the agreement was the widespread antagonism toward the United States which became manifest in the course of the discussions.

The Reciprocity Campaign



Toronto News: Public Archives of Canada

A NEW FIELD FOR CONQUEST



Toronto News: Public Archives of Canada

LOOKING OUR WAY

Considerable resentment against the Americans had grown up during the controversy over the Alaska boundary. It was felt that Theodore Roosevelt was extremely high-handed during the dispute

The Bennett Regime



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THE GRAND PANJANDRUM COMES TO OTTAWA

A cartoon by Arch Dale from The Winnipeg Free Press

and that the boundary decision was political rather than judicial. This resentment against the Americans was revived by the controversy over reciprocity. It was further increased by unguarded utterances by American leaders suggesting that reciprocity would

be a prelude to annexation. The Conservatives under Borden raised the cry of loyalty to the Empire, and in the election of 1911 they were victorious. Reciprocity negotiations with the United States were not continued.

OTTAWA TRADE AGREEMENTS

After the outbreak of war in 1914, the need for increased revenue was acute and Canadian tariffs were increased. Some of these tariffs were later modified but the general protective system was not changed.

International trade was reduced considerably during the economic depression of the thirties. The value of products exchanged was reduced by two-thirds, and most countries increased tariffs to protect home industries and provide employment. When the extremely high Hawley-Smoot tariffs were introduced by the United States in 1930, most countries were provoked into economic retaliations. Tariffs were increased throughout the world and numerous other restrictive measures were applied to imports. In 1931, for the first time in more than three-quarters of a century, the United Kingdom adopted protectionism. In 1931, the Canadian Minister of Finance asserted: "Our business is to see that we do not support the foreign trade of any other country when we ourselves are producing, or can produce, the goods so imported." Mr. Bennett's Conservative government raised the general tariff levy by almost fifty per cent. Most Canadian industries were given increased protection and new duties were placed on agricultural imports.

The Ottawa Conference was convened by Mr. Bennett in 1932. It was hoped that preferential rates within the Commonwealth, even at the expense of outside countries, might be a partial answer to the trade restrictions of the world. National interests were placed before those of the Commonwealth, but the Commonwealth was favoured over other countries. Several bilateral trade agreements were concluded at Ottawa, but probably the most significant accomplishment was that the United States realized that the Ottawa Agreements were a direct challenge to the Hawley-Smoot tariffs. There was some recognition by the United States

that international co-operation should replace extreme economic nationalism.

In 1934 the United States Congress gave the President the power to reduce tariffs by fifty per cent, and the Canadian government took advantage of this change in United States policy. Canada obtained many concessions on primary products and manufactured goods. In turn, Canada lowered duties on many items and these reductions were extended to other countries through several trade agreements. Thus the Imperial Preferential Tariffs of 1932 were gradually modified by these trade agreements.

CANADIAN WAR ECONOMICS

The Second World War closed most normal trade channels. A special feature of Canada's wartime activities was the increased closeness of her economic co-operation with both Britain and the United States. For many years Canada had a surplus of exports to Britain and a surplus of imports from the United States. In waging the war Britain was forced to make heavy purchases of war materials, and this increased her unfavourable trade balance with Canada. To fill these orders Canada was forced to increase her imports from the United States. By 1940 a serious situation had developed. This situation was saved by the introduction of "lend-lease" and by the Hyde Park Agreement. President Roosevelt received the right to "sell, transfer title to, exchange, lend, or otherwise dispose of," any article needed by a country "whose defence the President deems vital to the defence of the United States." The problem of paying for British war imports was ended.

The Hyde Park Agreement of 1941 pooled the economic resources of Canada and the United States. The agreement stated: "In mobilizing the resources of this continent, each country should provide the other with the defence articles which it is best able to produce, and, above all, produce quickly, and that production programmes should be co-ordinated to this end..." The Canadian exchange picture changed, and Canada found that she could grant loans and give Mutual Aid to her allies to the extent of five billion dollars.

Canadian exports were more than double her imports during the years of the war. Canada exported great quantities of food, materials, and weapons of war. She was the fourth largest supplier of war equipment and one of the chief suppliers of food for the allies. However, even during the war, there was much concern that the trade restrictions of the thirties might reappear with a peace-time economy. Canadian officials sought to promote post-war trade reconstruction in the belief that economic co-operation was necessary for the prosperity of the free world.

CHAPTER VI

CANADA'S PLACE IN WORLD TRADE

China, the U.S.S.R., and European countries behind the Iron Curtain, do not report on the volume or value of their external trade. Exclusive of these countries, in the year 1952, Canada, a large country of varied resources with a small population, stood third among the trading countries of the world, replacing France, and being surpassed in volume and value of total foreign trade by the United States and the United Kingdom only. Of these two rivals in world trade, the United Kingdom is an old and densely populated country which led the way in the industrial revolution, and has been manufacturing goods for generations, while the United States, though much younger, has a population more than ten times as large as that of Canada, and a wider range of resources. It is, therefore, somewhat surprising to find this new country of

TABLE I
WORLD TRADE IN 1951 AND 1952

Value of Trade (in millions of U.S. dollars)							Estimated Population 1952 (in thousands)
Country	Exports		Imports		Total		
	1951	1952	1951	1952	1951	1952	
U.S.A.....	15,041	15,170	11,946	11,633	26,987	26,803	159,861
U.K.....	7,596	7,630	10,942	9,747	18,538	17,377	50,828
Canada.....	4,042	4,760	4,195	4,479	8,237	9,239	14,430
France.....	4,178	3,896	4,554	4,431	8,732	8,327	43,486
Germany Fed.							
Republic of.....	3,461	3,990	3,494	3,818	6,955	7,808	50,642
Belgium & Lux....	2,649	2,426	2,535	2,424	5,184	4,850	9,008
Netherlands.....	1,978	2,130	2,657	2,251	4,545	4,381	10,377
Italy.....	1,647	1,383	2,167	2,314	3,814	3,697	46,889
Australia.....	2,043	1,690	2,423	1,979	4,466	3,669	8,649
Brazil.....	1,757	1,409	2,011	2,010	3,768	3,419	54,477
Japan.....	1,355	1,273	1,995	2,028	3,350	3,301	85,500
Sweden.....	1,782	1,562	1,776	1,730	3,558	3,292	7,126

Canada with its slightly more than fifteen million people, ranking with such trading giants as the United States and Great Britain, and even outranking former giants such as France, Germany, and Belgium.

The value of imports from foreign lands, if divided by the population of the importing country, gives the *per capita* import trade of that country. Similarly the *per capita* export trade and the *per capita* total external trade can be worked out. From Table II below it can be seen that New Zealand in 1952 had a total external trade of \$707 for every individual of the population, while Canada's total *per capita* trade for the same year was \$640. In 1951, however, the order was somewhat different, for in that year the trading city of Hong Kong led all countries with a total of \$806 *per capita* trade, New Zealand was second with a total *per capita* trade of \$662, and Canada third with \$588. By 1952 Hong Kong's *per capita* exports had fallen off to \$255, so that in spite of the fact that the *per capita* imports of \$332 were still greater than the \$310 *per capita* of Canadian imports, the total *per capita* trade had dropped to \$587, making Hong Kong the third-ranking centre in this period.

The development of Canadian external trade to such a high level is largely the result of a combination of factors such as resources,

TABLE II
TRADE PER CAPITA IN U.S. DOLLARS

Country	Exports		Imports		Total	
	1951	1952	1951	1952	1951	1952
New Zealand.....	356	337	306	370	662	707
Canada.....	289	330	299	310	588	640
Hong Kong.....	384	255	422	332	806	587
Belgium & Lux.....	295	269	282	269	577	538
Switzerland.....	228	228	287	249	515	477
Sarawak.....	291	247	219	216	510	463
Sweden.....	252	219	251	243	503	462
Venezuela.....	287	294	142	153	429	447
Norway.....	188	170	266	262	454	432
Australia.....	242	196	287	229	529	425
Netherlands.....	193	205	250	217	443	422
Denmark.....	195	196	235	222	430	418

geographic situation in the world, and economic conditions. Canada's resources require a tremendous outlay of capital to develop. This, in turn, means that Canadian resources must be exploited on the largest possible scale so that the initial costs may be offset by the economies of mass production. This principle of the efficient use of capital goods, then, results in a large volume of production which the domestic market of fewer than sixteen million people cannot possibly absorb. It is only by exporting the surplus goods thus produced that Canada can develop her resources efficiently and economically. If Canadians had to depend entirely upon domestic consumption of their goods, Canada would be importing wood pulp and pulpwood, for the cost of hydro-electric installations necessary to the pulp and paper industry, and of the transportation facilities to get the product to market, would make the production costs prohibitively high. Consequently the Canadian is vitally interested in maintaining a large volume of export trade so that the economies of large scale production in the export industries and a high level of employment may continue to support a high standard of living and contribute to the national prosperity.

At the same time Canada lacks, or has not developed in sufficient quantity, many of the resources required by modern industry, or some of the commodities now looked upon as essential to a high standard of living. Thus Table III (p. 105) shows listed among the principal imports, non-farm machinery, petroleum, automobile parts, coal (bituminous and anthracite), cotton (both raw and manufactured), wool, fuel oils, sugar, tea and coffee, electrical appliances, and fresh vegetables.

Since these imports must be paid for either in the currency of the supplying country, or in gold, exports assume an additional importance. For they are a means of earning foreign currency to meet the bills for the imports, and thus they reduce the amount of gold sent out of the country, as in 1951; or, better still, they bring foreign gold into the country when the trade balance is favourable, as it was in 1952.

External trade in large volume is of vital importance to Canada, then, both to maintain large-scale production and wide employment and to help pay for the commodities which are necessary to her

TABLE III
PRINCIPAL IMPORTS, 1949-53

NOTE.—Commodities ranked by value of imports in 1952.

Commodity	Calendar Year				January-September	
	1949	1950	1951	1952	1952	1953
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Machinery (non-farm) and parts.....	216,316	226,249	328,741	360,969	266,824	302,008
Petroleum, crude and partly refined.....	193,038	203,996	233,148	210,036	156,509	163,775
Automobile parts (except engines).....	117,748	158,405	195,177	190,337	143,841	176,829
Rolling-mill products.....	98,093	93,639	173,127	143,133	110,443	91,435
Electrical apparatus, <i>n.o.p.</i> ...	69,802	82,585	120,101	139,567	96,994	146,928
Engines, internal combustion, and parts.....	45,610	47,068	80,314	126,332	101,479	82,882
Tractors and parts.....	118,506	108,320	125,562	119,253	95,864	109,894
Coal, bituminous.....	93,455	118,788	115,275	99,571	75,411	71,861
Aircraft and parts (except engines).....	13,256	10,942	41,438	95,212	70,709	85,834
Farm implements and machinery (except tractors) and parts.....	58,706	53,322	69,529	78,044	65,529	74,660
Tourist purchases.....	28,847	33,090	47,071	66,682	46,311	55,669
Cotton, raw.....	65,676	88,461	94,315	65,956	44,913	42,866
Fuel oils.....	18,134	45,909	58,389	64,908	45,197	40,757
Sugar, unrefined.....	66,126	77,208	77,100	59,546	40,769	33,279
Pipes, tubes and fittings.....	28,145	35,394	43,183	57,261	39,512	47,756
Cotton fabrics.....	52,666	45,901	54,984	53,248	37,902	44,900
Coffee, green.....	28,584	41,664	48,438	50,775	37,440	40,735
Principal chemicals (except acids), <i>n.o.p.</i>	32,270	37,161	43,940	49,824	37,214	41,494
Automobiles, passenger.....	38,970	75,329	56,632	49,484	38,991	72,527
Coal, anthracite.....	45,598	54,265	51,238	49,430	34,505	27,904
Non-commercial items.....	18,001	15,575	32,544	47,095	33,248	45,931
Refrigerators and parts.....	7,342	15,353	30,620	43,891	33,189	42,503
Gasoline.....	45,423	39,783	33,444	39,148	25,103	35,221
Vegetables, fresh.....	18,460	23,259	26,295	37,969	32,499	24,022
Parcels of small value.....	12,597	9,359	22,025	33,691	28,077	21,496
Wool fabrics.....	41,747	31,719	38,567	32,213	23,635	32,674
Paper board, paper and products.....	20,068	23,434	34,831	29,921	21,230	27,828

TABLE IV
PRINCIPAL DOMESTIC EXPORTS, 1949-53

NOTE.—Commodities ranked by value of exports in 1952.

Commodity	Calendar Year				January-September	
	1949	1950	1951	1952	1952	1953
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Wheat.....	435,158	325,614	441,043	621,292	438,567	440,170
Newsprint.....	433,882	485,746	536,372	591,790	436,755	457,463
Planks and boards.....	160,420	290,847	312,198	295,949	222,568	214,914
Wood-pulp.....	170,675	208,556	365,133	291,863	229,006	182,317
Aluminum, primary and semi-fabricated.....	91,032	103,206	120,853	155,106	104,904	130,240
Nickel, primary and semi-fabricated.....	92,324	105,300	136,689	150,982	117,500	121,678
Barley.....	25,472	23,442	58,822	145,684	75,385	93,066
Wheat flour.....	97,693	93,839	113,854	116,055	84,563	77,487
Copper, primary and semi-fabricated.....	84,052	82,990	81,691	100,806	76,032	91,596
Zinc, primary and semi-fabricated.....	55,700	58,710	83,669	96,283	76,988	47,074
Farm implements and machinery (except tractors) and parts.....	84,127	75,512	96,873	95,692	78,052	59,035
Asbestos, unmanufactured ..	36,934	62,752	80,333	86,510	63,697	61,718
Oats.....	18,533	16,571	53,899	68,240	44,427	34,217
Pulpwood.....	31,317	34,768	68,103	64,820	47,893	33,635
Whiskey.....	32,703	41,682	54,039	54,254	33,819	40,010
Fish, fresh and frozen.....	34,752	49,711	53,363	52,852	39,913	38,318
Lead, primary and semi-fabricated.....	41,886	38,105	45,290	49,676	37,957	29,134
Automobiles, freight.....	12,168	8,827	24,873	48,832	38,869	17,957
Machinery (non-farm) and parts.....	31,840	25,644	40,271	47,378	35,003	28,291
Automobiles, passenger.....	15,883	19,365	38,490	43,634	36,664	27,839
Fertilizers, chemical.....	39,385	38,874	35,734	42,293	31,766	32,720
Aircraft and parts, (except engines).....	24,935	4,383	7,524	37,503	30,835	27,377
Electrical apparatus, <i>n.o.p.</i> ..	12,293	11,089	17,729	33,892	23,595	33,708
Platinum metals and scrap..	18,046	21,215	30,359	30,627	23,647	20,325
Ferro-alloys.....	19,182	17,075	31,347	30,380	22,726	15,699
Beef and veal, fresh.....	30,629	34,219	50,965	30,323	21,497	7,848
Fodders, <i>n.o.p.</i>	9,933	14,034	25,319	29,483	20,390	16,044

industries and to her high standard of living. In 1952 at least 20 per cent of all the goods and services produced in Canada was sold abroad, while about the same percentage of the goods consumed by Canadians was imported. This external trade gives employment to more than 20 per cent of Canada's workers, for without foreign markets many industries such as agriculture and the manufacture of newsprint would not have been developed to their present extent, while others could not have been established at all without import trade. So the workers in aluminum at Arvida and Kitimat owe their jobs to external trade. In 1952 the export of aluminum formed 3.8 per cent of the total exports, thus contributing very materially to the national economy. This wide employment in industry also enables Canadians to put oranges, tea, coffee, chocolate, spices, and many other imported commodities on their tables, electric appliances in their homes, and automobiles on their roads. The phenomenal growth in Canada's foreign trade is a comparatively recent development, however, and poses a number of problems.

THE POST-WAR PROBLEMS OF CANADIAN FOREIGN TRADE

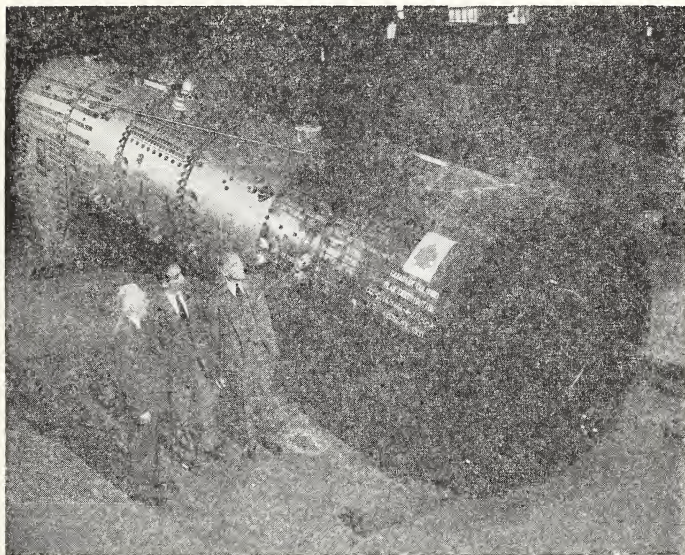
During both World Wars, but particularly during the Second, Canada's whole economy was geared to wartime production. Because Britain had stored up grain which would keep, and because, for the period of actual hostilities, other European countries were not able to buy Canadian wheat, the farmers were urged to produce hogs, eggs, and cheese, which Britain did need. Also more and more machinery was being used to produce wheat, and this, coupled with the increased emphasis on livestock, freed many farmers' sons and daughters for work in factories, where the demands for labour and machinery to fill the orders for the hard-pressed British led to every available man and machine being put into service. Plants sprang up all over Canada to produce not only arms and ammunition, but also clothing, aeroplanes, and basic metals. The cessation of actual hostilities posed the problem of rehabilitation to Canadian manufacturers. If they could not find some peacetime product to manufacture, they would have to close their doors and dismiss their employees. Canadian producers

chose rather to find something which their skilled and semi-skilled workmen and their plants could turn out with the minimum of dislocation to staff and plant.

Before the two World Wars Canada had been largely a producer of primary goods—of foodstuffs, such as grain and fish, and of raw materials, such as lumber and iron ore. But the First World War had thrust upon the Canadian the choice either of providing for himself some of his own goods manufactured from Canadian raw materials or of going without. So the normally slow process of changing from a producer of primary products to that of manufactured goods was speeded up in Canada by the First World War, and the transition continued steadily during the period between the two World Wars. The Second World War gave a tremendous impetus to this process, and at its close Canada found herself possessed of many materials, products, machines, and much labour which could be turned to peace-time uses. Thus a change which normally takes years of slow, almost imperceptible, growth occurred in Canada almost, as it were, overnight. This transition in itself posed new problems of adjustment, particularly when it became necessary to produce for peace-time consumption instead of for war.

In 1946 Canada was faced not only with the production of different goods and with a changed emphasis from primary to manufactured products, but also by the necessity of finding new customers to buy her exports. Before the Wars, the United Kingdom had been Canada's best single customer, taking much of her surplus produce and not insisting upon making payment to Canada in goods of British manufacture. So Canada had frequently met her own unfavourable trade balance in the United States with payments from her favourable balance in Britain. During the War, however, Britain, like most European countries, was forced to dispose of most of the overseas assets held by the British, and the peace found the United Kingdom able to buy only if and where she could sell as exports what little she had for sale. As British and European money was devalued, these countries found it increasingly difficult to buy in the dollar area, and Canada was forced to look around for other markets for her goods. In Latin America, Canada

found countries in the dollar or related area anxious to buy some Canadian products and able to sell, in exchange, some of their exports such as coffee, petroleum, and bauxite. Marshall Aid also helped the European countries to maintain Canadian trade by making available to them a supply of American dollars with which



National Film Board

PART OF CANADA'S COLOMBO PLAN CONTRIBUTION

A locomotive boiler built in Montreal ready for shipment to India.

they could buy American and Canadian goods. NATO was still another factor in Canada's trade recovery, for Canadian participation in the North Atlantic Treaty Organization makes it necessary for her to supply some of the equipment and maintain some of the forces of that organization. These two factors of Marshall Aid and NATO, however, led to a false prosperity, the one being a temporary measure, and the other being built upon the forces of

destruction rather than on those of construction. The Colombo Plan of furnishing underdeveloped Asiatic countries with equipment and technical instruction and advice is a much sounder proposition. Thus Canada now finds upon her account books names of countries with which she has had few dealings in the past, and the pattern of foreign trade is changing very materially.

In addition to these changes, the War brought into prominence new techniques in buying. The old system of individual traders bidding in an open market on wheat or wool or manufactured goods was supplanted in many cases by bulk buying by governments. The shortage, or possible shortage, of goods led to strict rationing of all essentials. In some cases, fixed prices accompanied these controlled goods; in others, ceiling prices imposed by the government curbed inflation and a soaring cost of living. Permits and priorities were necessary before materials could be obtained for civilian purposes. With the peace came the gradual slackening of rationing, but bulk buying, ceiling prices, and now floor prices as well, continued as checks upon wild speculation and the expected depression. What had started as war-time emergency measures remained, in part, as peace-time techniques for conducting trade.

Perhaps the most striking feature of modern Canadian trade is the marked trend towards a balanced economy. Canadians serving in the United Kingdom or Europe had an opportunity to see for themselves the dangers of an unbalanced economy. In the nineteenth century Britain had been able to concentrate upon the production of manufactured goods, aided thereto by her head start in the industrial revolution. Her food she had imported from her overseas empire and from any other source, for she felt secure in the number of her merchant vessels, the might of the British Navy, and her control of the seas. The First World War had forced upon her attention the danger of this situation. To the threat of the submarine and the mine was added that of the bombing aeroplane in the Second World War. Despite valiant attempts to increase agricultural products of all kinds, Britain found it necessary to ration more and more foodstuffs, and item after item was pared down until the nation's menu was reduced to the bare essentials. Further, British shipping, having to run the combined

gauntlet of submarine and air attack, was reserved for goods of the first priority, and could earn little or no revenue. Hence, supplies of food and raw materials for manufacture, being bulky and often perishable, shrank until peace found British stores almost empty. Much the same problem faced other European countries which had not before tried to subsist on their own resources but had always been able to purchase or import their deficiencies. Canadians now realized from this experience that it would be well to depend as little as possible on foreign markets for essentials. Canada should develop her own resources wherever it was possible. No longer ought she to depend upon manufactured goods brought in from Britain, France, Germany, or Japan, especially since factories had been set up in Canada to produce war goods. Woollens and clothing had been made in Canada during the War and exported to Europe as uniforms. Canadians then would continue to manufacture woollen goods, such as blankets, instead of importing them from the United Kingdom as before 1939. Cut off from supplies of cane sugar in the West Indies by shipping problems during hostilities, Canada encouraged more sugar-beet growing. The old National Policy was thus given a new twist. Canadians now sought to become self-sufficient in the essentials, or to produce substitutes.

There is another very good reason behind this desire for a more balanced economy. Primary goods, the raw materials of industry, are most heavily hit by depressions, and the country which exports primary products only may be thrown completely off balance by an international crisis or a falling market. The manufacturing of some of these raw materials would modify the results of market fluctuations upon employment and prices. Instead of concentrating upon primary products, then, Canada began to develop secondary industries, thus reducing her dependence upon foreign imports to those goods she lacks or cannot produce economically within her own borders.

A careful study of Table IV (p. 106) reveals that, while such primary products as wheat, woodpulp, fish, fresh meat, and ores, still figure largely in the exports of Canada, more and more goods are being exported in a manufactured or "semi-fabricated" state

instead of as purely primary products. There is now a greater proportion of flour to wheat, and of newsprint to woodpulp or pulpwood, and more metals in ingots than in ore. Much of the machinery which Canada imports would be too expensive to produce here because of the very limited market. It is cheaper to import it than to set up costly installations which would be able to operate part-time only, since the demand for the product would be too small to warrant full-time operation. This trend towards a balanced economy continues but can never be absolute because the geographic situation of Canada in the north temperate and sub-arctic regions deprives her of tropical products. Nor will there be a very real balance of economy in Canada until there is a much larger population to provide an adequate home market, thus reducing the cost of production per item.

CANADA'S CUSTOMERS

There are in the world today six main trading areas with which Canada may do business. They are the United States of America, the United Kingdom, Europe, the Commonwealth and Eire, Latin America, and other countries. In 1939, of the forty-three countries listed as buyers of Canadian exports, the United States and the United Kingdom were the two largest single buyers, followed by Australia and British South Africa. The United States took 41.1 per cent of Canada's exports; Great Britain, 35.4 per cent; other Commonwealth countries, together with Eire, purchased 10.8 per cent; European countries, including Russia, Poland, and Czechoslovakia, 5.5 per cent; Latin America, 1.56 per cent; and other countries, such as China, the Netherlands East Indies, and French Africa, 0.67 per cent. These forty-three countries among them purchased 95.03 per cent of Canada's total exports.

In 1939 Canada bought in appreciable amounts from thirty-eight countries. Of these the United States again did the largest business, furnishing 61.1 per cent, followed by the United Kingdom with 15.4 per cent. Third place was held by the Straits Settlements and fourth by Australia. The Commonwealth countries, exclusive of Great Britain, supplied 9.97 per cent; European countries, 3.41

per cent; Latin America, 1.93 per cent; and the other countries 0.83 per cent. Thirty-eight countries furnished 92.64 per cent of the total Canadian imports in 1939. (See Table V below.)

TABLE V

DISTRIBUTION OF CANADIAN TRADE BY LEADING COUNTRIES AND TRADING AREAS, 1950-53

<i>Item and Period</i>	<i>United States</i>	<i>United Kingdom</i>	<i>Europe</i>	<i>Commonwealth and Ireland</i>	<i>Latin America</i>	<i>Others</i>
	p.c.	p.c.	p.c.	p.c.	p.c.	p.c.
<i>Total Exports—</i>						
Calendar year. 1939	41.1	35.4	5.5	10.8	1.56	0.67
1950	65.0	15.0	6.1	6.3	4.6	3.0
1951	58.9	16.0	8.7	6.7	5.3	4.4
1952	53.9	17.3	10.9	6.6	6.3	5.0
Jan.-Sept. 1953	59.0	16.4	8.8	6.2	4.7	4.9
<i>Imports—</i>						
Calendar year. 1939	61.1	15.4	3.41	9.97	1.93	0.83
1950	67.1	12.7	3.3	7.6	6.7	2.6
1951	68.9	10.3	4.3	7.5	6.7	2.3
1952	73.9	8.9	3.8	4.6	7.0	1.8
Jan.-Sept. 1953	74.1	10.8	3.8	3.8	6.6	1.5
<i>Total Trade—</i>						
Calendar year. 1939	51.1	25.4	4.45	10.38	1.75	0.75
1950	66.0	13.8	4.7	7.0	5.7	2.8
1951	64.0	13.1	6.5	7.1	6.0	3.3
1952	63.5	13.2	7.5	5.6	6.7	3.5
Jan.-Sept. 1953	66.8	13.2	6.2	5.0	5.7	3.1

By 1946, however, this picture of international trade had changed. The United States with 55.67 per cent and Great Britain with 22.21 per cent of the total Canadian trade still held first and second places as both buyers and sellers. But France replaced Australia as the third largest buyer while British India and Venezuela replaced the Straits Settlements and Australia respectively as third and fourth largest suppliers of Canadian imports. Commonwealth countries as a group, exclusive of Great Britain, still held the third

place in Canadian trade, but European countries had increased their trade from a total of 4.45 per cent to 7.66 per cent in 1946 and Latin America had made a still greater proportional increase from 1.75 per cent to 4.47 per cent. Other countries showed remarkable increases too, chiefly as buyers of Canadian goods.

By 1951 Europe had replaced the Commonwealth as the third largest group of buyers of Canadian goods, while by 1952 Latin American countries bought almost as much as the Commonwealth countries. (See Table V on p. 113.) As for the sources of imports, the Commonwealth group was surpassed for the first time in 1952 by the Latin American bloc, so that by total trade percentages

TABLE VI
SUMMARY TRADE STATISTICS, BY QUARTER, 1950-53

<i>Period</i>	<i>Value of Trade</i> \$'000,000			<i>Price Indexes</i> (1948 = 100)		<i>Volume Indexes</i> (1948 = 100)	
	<i>Total Exports</i>	<i>Imports</i>	<i>Trade Balance</i>	<i>Domestic Exports</i>	<i>Imports</i>	<i>Domestic Exports</i>	<i>Imports</i>
1950							
Jan.-Mar.....	657.0	649.5	7.5	104.7	107.8	80.6	91.4
Apr.-June....	791.1	803.6	-12.5	106.3	108.8	95.6	112.2
July-Sept.....	800.1	806.4	-6.3	110.2	110.8	93.2	110.4
Oct.-Dec.....	908.9	914.8	-5.9	111.8	114.8	104.5	121.1
1951							
Jan.-Mar.....	819.6	943.9	-124.2	118.0	122.6	89.2	116.9
Apr.-June....	943.0	1,158.5	-215.5	122.5	129.4	98.9	135.8
July-Sept.....	1,055.6	1,039.6	16.0	125.5	127.9	108.2	123.1
Oct.-Dec.....	1,145.2	942.9	202.3	126.0	122.1	116.7	116.8
1952							
Jan.-Mar.....	1,001.8	916.1	85.7	124.8	117.2	103.0	118.2
Apr.-June....	1,119.9	1,034.2	85.7	122.2	111.0	117.9	140.8
July-Sept.....	1,069.2	995.2	74.0	120.7	107.1	113.6	140.6
Oct.-Dec.....	1,165.0	1,084.9	80.1	119.9	108.1	124.8	151.4
1953							
Jan.-Mar.....	913.0	998.0	-84.1	119.2	108.5	98.3	138.7
Apr.-June....	1,105.8	1,218.6	-112.8	118.8	109.3	119.7	168.5
July-Sept.....	1,089.0	1,118.2	-29.2	118.5	110.2	117.9	152.6

A minus sign indicates an unfavourable balance.

in 1952 the order of the regions was: first, the United States; second, the United Kingdom; third, Europe; fourth, Latin America; fifth, the Commonwealth countries; and sixth, other countries.

According to the 1954 Canada Year Book, Canada exported to the United States goods to a total value of \$2,306,954,938 in 1952. In the same year she imported from the United States goods valued

TABLE VII

DOMESTIC EXPORTS TO LEADING COUNTRIES, 1949-53

NOTE.—Countries ranked by value of exports in 1952.

Country	Calendar Year				January-September	
	1949	1950	1951	1952	1952	1953
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States.....	1,503,459	2,020,988	2,297,675	2,306,955	1,669,629	1,800,423
United Kingdom.....	704,956	469,910	631,461	745,845	576,289	506,766
Belgium and Luxembourg.....	56,525	66,351	94,457	104,376	71,252	51,331
Japan.....	5,860	20,533	72,976	102,603	63,973	69,509
Germany, Federal Republic of.....	23,451 ¹	8,873 ¹	37,028 ¹	94,863	59,393	50,684
Brazil.....	17,259	15,806	53,684	81,367	58,552	32,319
India.....	72,551	31,520	35,737	55,423	49,709	35,036
Italy.....	12,567	15,476	48,763	52,645	38,898	28,632
Australia.....	35,363	35,446	49,079	49,697	34,201	27,887
France.....	36,004	18,403	46,538	48,264	39,074	21,804
Union of South Africa.	77,713	42,561	52,736	47,852	41,074	39,913
The Netherlands.....	13,759	8,617	26,191	41,508	26,545	32,245
Mexico.....	15,411	17,624	29,880	39,641	28,310	20,410
Norway.....	21,736	18,924	32,198	39,002	29,897	29,902
Venezuela.....	27,689	25,457	26,982	35,683	28,123	24,542
Switzerland.....	32,281	26,435	25,345	26,918	15,982	21,838
Cuba.....	14,391	18,005	20,424	24,181	18,536	11,714
Ireland.....	9,052	13,321	20,921	23,058	16,792	8,769
Yugoslavia.....	734	818	2,739	22,613	10,246	1,898
Egypt.....	4,762	3,716	2,466	19,363	5,546	11,439
New Zealand.....	14,489	10,983	21,757	18,844	15,744	5,348
Peru.....	7,050	3,744	5,054	16,405	12,073	12,155
Philippines.....	13,983	10,829	15,598	16,045	12,471	10,098
Pakistan.....	18,097	8,681	4,486	16,016	9,819	29,448
Colombia.....	8,012	14,806	12,311	13,756	10,372	12,789

¹Includes Eastern Germany.

TABLE VIII

IMPORTS FROM LEADING COUNTRIES, 1949-53

NOTE.—Countries ranked by value of imports in 1952.

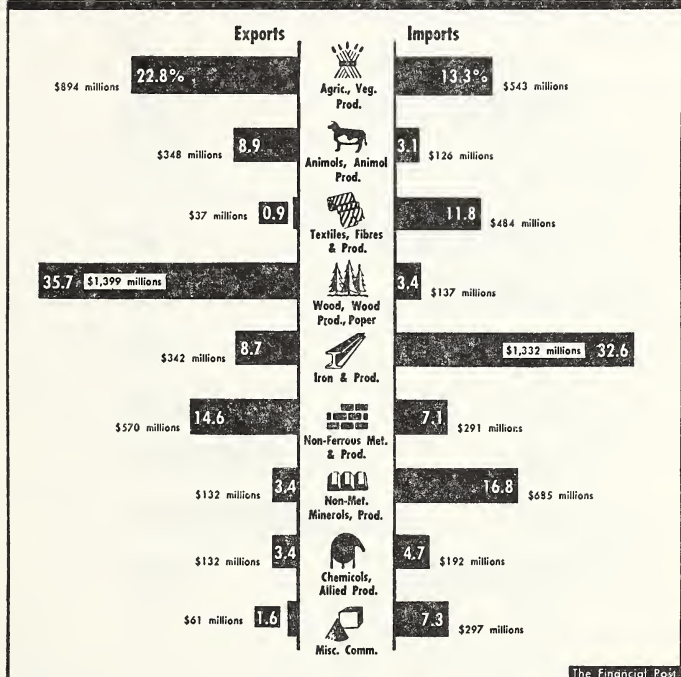
Country	Calendar Year				January-September	
	1949	1950	1951	1952	1952	1953
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
United States.....	1,951,860	2,130,476	2,812,927	2,976,962	2,172,317	2,471,696
United Kingdom.....	307,450	404,213	420,985	359,757	259,392	339,406
Venezuela.....	91,697	87,264	136,718	135,758	98,853	116,507
Brazil.....	21,163	28,178	40,627	35,103	26,958	23,030
Belgium and Luxembourg.....	19,022	22,795	39,095	33,216	25,463	22,250
India.....	26,233	37,262	40,217	26,822	19,401	19,302
Malaya and Singapore.....	16,187	28,852	57,980	25,473	19,904	16,366
Mexico.....	25,494	32,974	18,013	23,937	18,762	13,418
British Guiana.....	22,355	21,735	25,025	23,660	15,685	13,052
Germany, Federal Republic of.....	7,134 ¹	11,026 ¹	30,936 ¹	22,629	16,152	24,524
France.....	13,309	14,669	23,974	19,117	13,967	16,304
Australia.....	27,429	32,803	46,228	18,712	13,432	14,787
Cuba.....	6,562	4,134	8,333	18,615	15,176	10,295
Colombia.....	12,588	13,342	13,063	18,004	12,916	17,224
The Netherlands.....	6,688	8,896	14,010	16,495	11,492	16,788
Switzerland.....	10,902	14,464	16,398	16,396	11,168	14,549
Lebanon.....	429 ²	62 ²	16,381 ²	15,171	10,216	14,546
New Zealand.....	8,910	11,855	30,107	14,231	13,128	7,780
Japan.....	5,551	12,087	12,577	13,162	9,116	9,563
Ceylon.....	11,635	17,604	16,396	12,492	9,315	11,021
Netherlands Antilles..	3,713	17,336	10,809	11,747	7,914	4,064
Italy.....	9,048	9,373	14,217	11,735	7,866	9,867
Trinidad and Tobago..	14,575	15,205	15,082	9,660	8,518	6,285
British East Africa....	6,094	15,067	10,864	9,593	6,337	4,513
Jamaica.....	16,577	19,080	18,041	9,204	8,543	11,160

¹Includes Eastern Germany.²Includes Syria.

at \$2,976,962,332. This means that Canada owed the United States \$670,007,394 on the year's trading. On the other hand, in the same year, Britain imported from Canada \$745,845,393 and exported to Canada \$359,757,123 leaving a balance of \$386,088,270 in Canada's favour. The unfavourable balance with the

United States could once have been met by the favourable balance with Britain—the Atlantic Triangle—but, because of the present inconvertibility of sterling, the balance now had to be met

The Commodity Pattern Of Our Trade Abroad



The Financial Post

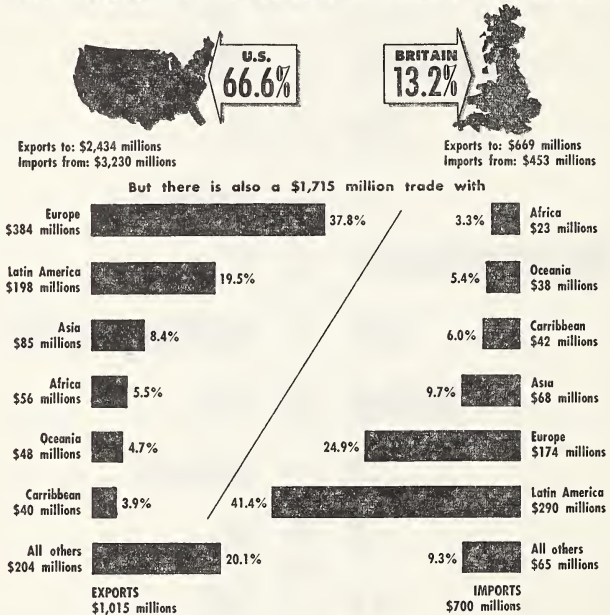
Courtesy, The Financial Post

THE PATTERN OF CANADA'S FOREIGN TRADE IN 1952

in American dollars or gold. From all countries in 1952 the bill for Canadian imports was \$4,030,467,653, while the account to all countries for Canadian exports amounted to \$4,301,080,679, giving Canada a favourable balance of \$270,613,026 on the year's

trading transactions. When such invisible goods and services as tourist traffic and movements of capital are included in the year's accounts, the favourable balance is reduced to \$151,000,000, for

THE BULK OF CANADA'S TRADE IS WITH



Courtesy, The Financial Post

CANADA'S FOREIGN TRADE STATISTICS FOR 1953

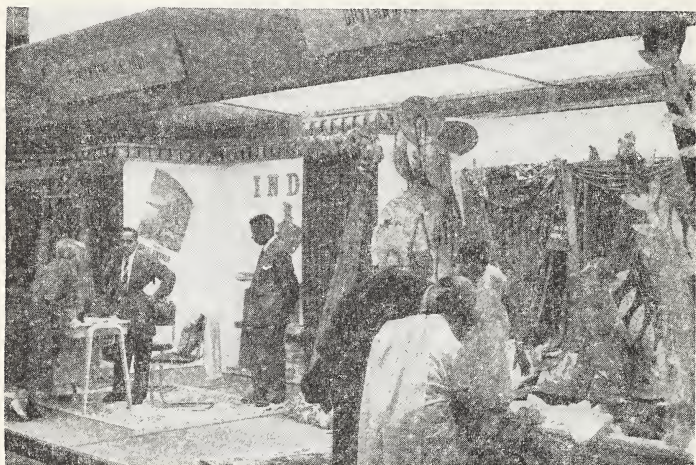
American tourists in Canada did not spend as much as Canadian visitors to the United States and other countries, while interest on capital investments in Canada also flowed out of the country. In 1950, 1951, and 1953, the balances were unfavourable and were larger than the 1952 favourable balance, but were still compara-

tively minor, relative to the annual eleven billion dollar transactions carried on during those years. The deficits were mainly the result of high levels of investment and economic activity in Canada, while the 1952 surplus was attributable in a large measure to abnormally high exports of wheat (since many countries such as Argentina had experienced poor crops), and to the comparatively low prices of imports during the year. The fact that the Canadian dollar is at a premium of about 3 per cent in spite of the adverse trade balance between Canada and the United States is attributable to the high demand for Canadian dollars to invest in oil, iron, and lumber resources. These capital investments, added to the ordinary trade payments, create a demand larger than that for American dollars.

Since international trade is so important to Canada, the government has, over the years, taken steps to establish and maintain close commercial relationships, especially with those countries which have commodities or resources essential to the Canadian standard of living and industry and which form markets for Canadian exports. In this bilateral or two-way trade, goods and services may be accepted as part or total payment in the exchange—a return to international barter. Private firms have been and are being helped by a number of government and associated agencies to find such markets and sources of supply, while government representatives assist exporters and importers in the problems of controls and foreign exchange regulations.

Thus the Canadian Trade Commission Service maintains forty-nine offices in forty countries to collect and present information on all trade and pertinent matters in their areas. Its officials bring exporters and importers from Canada and other countries together to study potential markets and sources of supply. They disseminate information on the Canadian International Trade Fair and get exhibitors for it. They encourage the visits of foreign buyers and themselves make tours throughout Canada to inform Canadians of the opportunities for trade in foreign countries. The Commodities Branch of the Department of Trade and Commerce, through the Trade Commissioners, maintains close connections with industry and with exporters and importers, to make sure that Canadian conditions of supply and manufacture meet the requirements of

foreign markets and vice versa. The main functions of the Agriculture and Fisheries Branch are to promote trade in agricultural and fisheries products; to obtain information about these industries in foreign lands; to pass that information on to the Canadian pro-



Canadian International Trade Fair

INDIA DOES BUSINESS IN CANADA

A scene at the Canadian International Trade Fair

ducers; and to act as liaison between the Department of Agriculture, the Department of Fisheries, the Canadian Wheat Board, and other government departments and boards. The International Trade Relations Branch keeps a close watch on all trade relations between Canada and other countries, especially upon tariffs and on the effects on Canadian and international trade of such organizations as the European Payments Union and the Organization for European Economic Co-operation. The Economics Division maintains a close check upon business conditions in Canada, while the Industrial Development Division co-operates with provincial, municipal, and commercial organizations in solving the problems of the establishment of new industries in Canada. The **Information Branch** publishes a weekly journal, *Foreign Trade*,

besides preparing numerous articles for periodicals, brochures, films, and radio broadcasts. The Canadian Government Exhibition Commission is responsible for Canadian exhibits at trade fairs outside Canada and the government-sponsored expositions and trade fairs in Canada. In this latter connection, the Commission developed the Canadian International Trade Fair held annually in Toronto since 1948. The Export Credits Insurance Corporation was established in 1944 to protect the exporter from loss incurred by changing government controls, by exchange restrictions, by bankruptcy of the foreign buyer, or by the risk of war or revolution in the buyer's country. The government also set up governmental selling agencies such as the Wheat Board.

In all these ways the Canadian government seeks to obtain markets for Canada's surplus goods to the best advantage, and to buy at the best advantage in foreign markets the commodities and materials Canada needs.

RELATIONSHIPS BETWEEN TRADE AND INTERNATIONAL AFFAIRS

Foreign trade affects and is affected by international affairs. A country rarely does much trading with another country which it regards as unfriendly or hostile. For this reason Canada has in the past done more trading with France than with Germany and is disposed to encourage trade with the Western democracies rather than with those countries under Communist domination. Russia, Czechoslovakia, and Poland, have disappeared from the 1949-1952 lists of exporters and importers of Canadian goods (see Tables VII and VIII above). But if trade is affected by international relationships, it also plays a leading role in shaping foreign policy. The desire to obtain certain raw materials from a particular country or to dispose of certain exports to it, often influences the policy towards that country. Thus, where Canada maintains a diplomatic mission, the Trade Commissioner is usually attached to the mission staff as an economic adviser. The dependence of Canada and the United States upon Brazil for coffee supplies is a major factor in the development of friendly relations between these countries, while Britain's need for oil governs much of her policy in the Middle East.

Sometimes, when foreign policy and economic interests clash, the foreign policy may be modified or even nullified by commercial pressures. This can be seen in the difficulty experienced by the International Trade Organization in being accepted, and in the reluctance of world organizations such as the League of Nations or the United Nations to impose economic sanctions as a method of enforcing decisions. They know only too well that a country may defy the ruling of the international body if economic interests are thereby adversely affected. Thus the Chaco War was prolonged by the lust for profits of the munitions manufacturers of the United States and Europe who sold their goods so that they might be resold to the belligerents in spite of the League's embargo and, in some cases, their own approval of the embargo.

One of the most striking examples of the effect of international affairs upon trade is the effect upon Canadian trade of the devaluation of European currencies, especially the £ sterling. European countries had long since gone off the gold standard, but when they deliberately reduced the value of their currencies they hoped for an increase in their export trade which would help them narrow the gap between their exports and their dollar imports, and thus reduce their unfavourable trade balances. This actually occurred when the sales of English cars rose sharply in the period immediately following the devaluation of the pound. But another result was that Canadian goods now cost so much in depreciated British money that Canadian exports to that country were still further curtailed, leaving Canada with the necessity of finding other markets for her goods in countries, such as the Americas, able to pay her price in her currency.

As already noted, the difference between the sterling bloc and the dollar areas greatly affected trade. It also influenced international relations. Britain, Australia, and New Zealand—all sterling countries—have tended to come closer together both economically and in their foreign policy, while Britain and Canada have drifted farther apart. Canada has drawn closer to the United States and the Latin Americas—the dollar and related countries—and her relationships with the sterling countries of the Commonwealth and Empire have grown looser.

The Cold War has had a tremendous effect upon trade. Not only is there in Canada a general disinclination to trade with Communist countries and a corresponding desire to trade with the Western democracies, but the threat from Communism has led to expenditures on defence and armaments unprecedented in this country in time of peace. Canada's participation in NATO involves her in trade with other NATO countries as she fulfils her obligations to provide these countries with equipment. Since the Communist advance in Indo-China threatened the rubber and tin resources of Malaya and Indonesia, some of Canada's manufacturing industries, which depend upon these resources, were vitally concerned in the outcome of that struggle. The war in Korea, in which Canada played her part as a member of the United Nations, also greatly affected Canadian trade. It restricted supplies of steel, thus curtailing construction of industrial plants in Canada, and it diverted much material into production of war supplies and caused shortages of goods for export. But rehabilitation in Korea, of course, will mean trade of a very different sort.

Still another trade factor which affects and is affected by international relations is the tariff structure of a country. In an attempt to avoid the tariff war which followed the First World War, the principal trading countries met in 1947 at Geneva to discuss the problems of international trade policies. The result was the General Agreement on Tariffs and Trade (GATT). This is a multilateral trade agreement among twenty-four countries in which it is required that each contracting party will grant the same advantages and privileges in international trade to all other contracting parties. Existing preferences may be maintained but not increased. Provision is also made in GATT for the reduction and eventual elimination of discriminatory practices in international trade. This is aimed not only at tariffs, but at restrictive quotas, exchange controls, and bilateral (or two-country) agreements. The twenty-four signatories agreed to apply the provisions of GATT "to the fullest extent not inconsistent with existing legislation."

Representatives of the twenty-four countries meet at frequent intervals to carry out those provisions of the Agreement which

require joint action, and generally to facilitate the operation of international trade. This procedure of holding simultaneous negotiations among many countries, each of which has agreed to apply the same code of principles to the regulation of its foreign trade, has speeded up the process of revising tariffs. Sessions of the contracting parties have been held in 1948 (Havana and Geneva), 1949 (Annecy, France), 1950 (Geneva and Torquay, England), and 1953-54 (Geneva).

An inter-governmental organization with broader powers and responsibilities than GATT emerged from the United Nations Conference on Tariffs and Employment held in Havana from November 1947 to March 1948, and attended by fifty-three nations. It drew up the Havana Charter, setting up the International Trade Organization, the principles of which formed the basis of the subsequent sessions and negotiations of the GATT countries. But the International Trade Organization itself did not find favour with most countries, for they wished to control their own tariff policies free from international regulations.

The International Wheat Agreement was still another attempt to avoid disastrous international competition by rationing supplies of this commodity at a time of relative scarcity. By fixing prices and quotas for the exporting countries over a period of years, it sought to ease any sudden drop in the market price and help production and prices to level off gradually. In this way it was hoped that the price of wheat would not fall as it had done during the depression years of the 1930's when the farmer received less for his crop than it cost him to transport it to market. When Great Britain withdrew from the International Wheat Agreement because her shortage of dollars forced her to look for wheat at a cheaper price in non-dollar areas such as the U.S.S.R., Canadian trade was adversely affected, for Canada has long been the traditional "bread-basket" of Britain.

Canada is a firm supporter of the General Agreement on Tariffs and Trade, of the International Wheat Agreement, and of any movement towards a general reduction of tariffs, a removal of restrictions, a freeing of trade, and convertibility of currency. Though there has been little in the way of a general reduction

in tariffs or a removal of restrictions as the result of international agreements, it is significant that there has been, since 1947, no outbreak of tariff warfare similar to that of 1919. Further, bilateral agreements have tended to become multilateral in nature, a trend which Canada welcomes as an aid to her own trading activities. Yet in spite of this long term policy favouring freedom of trade, Canada did find it necessary in 1947 to impose restrictions on imports and the free exchange of the American-Canadian dollar, contrary to the avowed purpose of GATT. These were temporary measures, however, and were gradually relaxed as the immediate emergency passed.

CANADA'S TRADE RELATIONSHIPS WITH THE BRITISH COMMONWEALTH

Before GATT, Canada had had trade agreements (based upon the preferences of the Ottawa Agreements) with Australia, the British West Indies, Ceylon, Ireland, New Zealand, the Union of South Africa, the United Kingdom, and the colonies. There were also preferential arrangements with Southern Rhodesia, India, and Pakistan. Most of these agreements have been modified slightly; some have been supplemented but not replaced by the provisions of GATT. However, it is not these modifications which have caused the recent decline in Commonwealth trade with Canada, but rather the economic and financial conditions of the post-war world.

Australia, New Zealand, the Union of South Africa, and many other members of the Commonwealth, were forced by the War, as Canada was, to enter the field of manufacturing industry. Instead of being merely exporters of primary products and importers of manufactured goods, these countries are now exporting their surplus primary products as before and, in addition, are supplying some of their own manufactured goods. This reduces the market for Canadian manufactured products and, since many of these countries already have a sufficiency of the surplus primary products which Canada has to sell, they afford no outlet for Canadian primary goods. Thus there is no market for Canadian

wheat in Australia, nor for Canadian butter or cheese in New Zealand.

A still greater deterrent to Commonwealth trade is the problem of exchange and inconvertible currency. Since most of the Commonwealth countries belong to the sterling bloc, their currencies suffer so great a reduction in value in the dollar countries that, no matter how favourable the tariff preference is, they cannot afford to buy any more than the absolute essentials from Canada. They therefore seek to do business with each other and with non-dollar areas, while Canada is forced to look outside the Commonwealth for customers who can buy her goods at her price.

After the overthrow of France, when all continental Europe lay under the domination of Hitler and his allies, the Commonwealth countries alone maintained the struggle. They were able to do this because of the very close co-operation in supplying foodstuffs, raw products, war materials, and ammunition, and even in the training of personnel. This enabled the Commonwealth to make the fullest possible use of the resources of all territories and demonstrated to the world the solidarity and worth of the free association of nations. But with the removal of the threat to their very existence as free countries, the wartime co-operation has given place to the individual efforts of each member to solve its own problems in its own way. And the problems have been complicated by relationships of various kinds with countries outside the Commonwealth. But the old co-operation is still possible upon occasion. In 1952, because of the outbreak of foot-and-mouth disease, the United States and several other countries imposed bans upon the importation of livestock, fresh meat, and fodder, from all, or parts, of Canada. This would have meant very serious loss to Canadian livestock raisers had not Britain and New Zealand arranged that Canadian beef should replace New Zealand beef in the British market, and that some New Zealand beef should be imported into the United States in place of the banned Canadian products. So Canada remains a member of the Commonwealth, maintains her preferential tariffs with Commonwealth countries, makes loans to Britain, participates in the Colombo Plan, and hopes for a

return to the multilateral trading of pre-war days which would remove some of the exchange problems of the Commonwealth. Meanwhile she looks around for other customers.

CANADA'S TRADE RELATIONSHIPS WITH THE UNITED STATES OF AMERICA

As noted earlier (Tables V, VII, and VIII), though the United States is the best customer for Canada's goods, Canada buys more from the United States than she sells to her. Thus the trade balance with the United States is always unfavourable to Canada. To many Canadians this situation seems perfectly natural and they would urge the Canadian government to develop this market even to the exclusion of other buyers. There are a number of considerations which they suggest, such as the setting up of a "free trade area" on the North American continent in which there would be no tariff barriers between Canada and her southern neighbour. This, it is argued, would greatly stimulate trade and Canada would not need to look for other markets or sources of supply.

Those who oppose this idea point out that this economic merging of Canada and the United States in a "free trade area" would mean the suppression of any distinctively Canadian interests, and that it would not be long before Canada would be swallowed up by the larger partner, not only economically, but also politically. Also, a number of people do not hold with the idea of selling all goods in a single market, particularly one as unstable and unpredictable as that of the United States. They argue that it is well to have other strings to one's bow. Thus if the United States clamps a restriction on some product which it claims is competing unfairly with an American product, the manufacturer need not be ruined for the want of a market. This is one of the chief difficulties in selling to the United States, which is willing enough to take raw materials, but not so ready to accept manufactured goods, newsprint excepted.

This argument supports the statement, which has already been noted, that Canada is more interested in multilateral than in bilateral trade, especially when her one market would be subject to

so many possible disturbances. Canadians have often in the past been irritated by United States restrictive measures and even more by the manner of enforcing these measures. Added to this is the very great distaste for being regarded as a satellite or dependency of the United States, as a country with no independent foreign policy—a situation which might easily arise if Canada became entirely dependent upon the United States economically, even if she did retain nominal political independence. For these reasons, then, Canada continues in her efforts to find markets and resources outside the United States while maintaining friendly relations and close co-operation with her neighbour to the south.

CANADA'S TRADE RELATIONSHIPS WITH LATIN AMERICA

In the search for new markets and sources of supplies Canada has met with considerable success in Latin America. Canada, unlike the United States, is too distant and has been too preoccupied with other matters to have been much of a threat to the independence of the South American republics. Here there is no "big stick" threat to overcome, and none of the underlying suspicion of the United States which became so apparent in the recent revolution in Guatemala. Perhaps, too, there is a more sympathetic attitude on the part of South and Central America towards Canada as a country which has successfully maintained its independence of the United States. This may have disposed these countries to favour the development of trade relationships with Canada. The War, by cutting Germany out of the South American markets, opened the door for Canada by eliminating much of the competition.

Since much of Central and South America is tropical or sub-tropical, these countries are in many respects complementary to Canada and the products of the two areas can be exchanged with mutual benefit. Most of the South American countries, too, are exporters of raw materials, though a few are beginning to establish manufacturing industries. Canada can find here the sources of many of her commodity and industrial needs, such as petroleum, sugar, raw cotton, coffee, and bananas, while she can supply to this

market manufactured and capital goods such as newsprint, ships, farm implements, and machinery, in addition to wheat. Bauxite can be brought from the Caribbean area by cheap water transportation to be manufactured into aluminum in Quebec or British Columbia and both countries gain by the trade. Normally, currency problems do not pose the almost insurmountable obstacles of the sterling bloc, though Brazilian restrictions on dollar payments for the big Brazilian Traction Company, owned and operated by Canadians and situated in Brazil, did make trade difficult for a time even here.

Although Canada's trade with Latin America is still only a small fraction of her total overseas trade, it is growing and of sufficient importance to warrant the upkeep of trade agreements with several South American countries and the diplomatic missions established in 1941. However, Canada has never joined the Organization of American States—the Pan-American Union—for she feels that she can carry on her relationships with the Latin American countries directly through her own diplomatic missions or through the United Nations. Membership in the Union might also destroy the friendly relationships existing between Canada and the republics of Central and South America, since many of them still regard Pan-Americanism as a device imposed upon them by the United States for her own special advantage. Besides, Canada has no desire to become involved in arguments between the United States and Latin American countries as she might be were she to join the Union. Canada already belongs to the Commonwealth, to the United Nations, and to NATO. Membership in another organization might possibly result in conflicting obligations; hence Canada prefers to remain outside the Union but to maintain friendly relations and trade with the South and Central American republics in her own way.

CONCLUSION

The first half of the twentieth century has seen great changes in Canada's role in world trade. She has developed from an exporter of primary goods through two world wars to a more balanced

economy. As she reached maturity, her importance in the world increased as the result of her natural resources, her industrial development, her geographical position, and her participation in the United Nations and in NATO. Internationally she has become a Middle Power, ranking immediately after the Great Powers. In trade she has risen to third place among world powers and supports a moderate tariff schedule and a tendency towards freer trade. In this growth some ties have been loosened somewhat and others developed, but her closest relationships still remain with Great Britain and the United States. Bearing in mind the words of her Governor General, the Right Honourable Vincent Massey, who wrote, "The western hemisphere will always mean less to us than the northern hemisphere", Canada advances into the second half of the century, conscious of her associations in the past with Europe and the Commonwealth, yet increasingly aware of her unique opportunities as a North American community and one of the Western Democracies.

Unit Three

The Search for Security in the Twentieth Century

POINT OF VIEW

The search for security is man's major problem in the twentieth century. A half century of warfare and competitive struggle for power has brought mankind to the edge of an abyss filled with the horrors of self-destruction. Weapons of war have become fearful agents of self-annihilation. Modern science has explored and conquered secrets of nature that will require man's noblest efforts to control for the common good. The politics of power have been removed from the era of national self-interest; they operate now at a level that involves the existence of mankind.

The First World War introduced a new character to the historic struggles for continental control, the involvement of nations of the world in European warfare. The peace settlement following the First World War recognized this new and closer relationship among world powers by unique measures for securing the peace. The story of the period between the two World Wars is a record of experiment, frustration, and failure, in the search for security. The world-wide character of twentieth century wars became more fearsomely evident in the events of the Second World War. The focal point of world interest since the Second World War has been the re-alignment of powers and the desperate efforts of nations to organize for peace.

Canada has had a continuing interest and an increasing share in the search for security. Since the Second World War she has played a more significant role in world politics, displaying a sense of responsibility that is the mark of a mature nationhood. Canadians are vitally concerned in the search for world order and peace.

CHAPTER VII

THE DAWN OF THE TWENTIETH CENTURY

By the beginning of the twentieth century mankind had entered an entirely new era in its history. The progress of science and invention had transformed the habits and the living standards of a large part of the population of the earth. The development of machine industry had made possible the provision of goods in a variety and quantity undreamed of in previous ages. Medical discoveries had made it possible to master diseases that were once regarded as fatal, and so to extend the life span of the average individual. A person born in the twentieth century had before him the possibility of a longer and more abundant life than his ancestors could ever have hoped to enjoy.

He also lived in a much smaller world, and one whose various parts were much more dependent on each other. The development of transport and communications, spanning the vast spaces of continents and oceans, had decreased the importance of distance and had broken down many of the barriers which separated the different areas of the globe. Nations and regions were now able to exchange their products to an extent which was impossible before the coming of the steamship and the railway. Knowledge of new methods and inventions spread rapidly from one country to another. Along with the spread of knowledge went the spread of ideas. Increasing contacts between peoples brought a greater interest in the thought and the literature of foreign lands. New methods of communication kept them in closer touch with each other's affairs. The world was being knit more closely into a single community both economically and culturally, with inevitable consequences in the political field.

Such developments, while they held tremendous potential advantages, brought serious problems with them. The rapid progress of invention and discovery meant that modern life was undergoing a process of constant change which called for continual adjustments in the political and social structure. Change brought with it a

measure of instability which was particularly serious in the economic sphere; and this was aggravated by inequalities in the distribution of the wealth which the world was producing in such vast quantities. One of the great tasks of the modern age was to make the benefits of the industrial era available to society as a whole, and to use its new resources in a way that would make possible a rational and humane way of life based on an assured and adequate standard of living for the mass of the people.

This task laid steadily increasing burdens on modern governments. As the problems grew in complexity, it became ever clearer that they could not be solved entirely by individual efforts, and that the state must play its part in achieving a solution. In democratic states this laid obligations not only on political leaders and expert administrators, but on the individual citizen. If government was to express the will of the people, the people themselves must be both informed and intelligent. It was only by the constant exercise of those qualities that they could judge between proposals which would meet their problems and advance their welfare, and schemes which would aggravate instead of alleviating the complications to which modern industrial conditions gave rise.

THE SPREAD OF WESTERN CIVILIZATION

One of the most striking things about the situation at the beginning of the twentieth century was the way in which the influence of Europe had spread through every quarter of the globe. It was from Europe that settlers had come to populate and develop the New World. As a result there emerged on both sides of the Atlantic communities whose culture and habits of life were basically similar. The growth of this Atlantic world in power and wealth and population was one of the most tremendous developments of the nineteenth century. A new industrial civilization arose on two continents, and its rise had a profound and even revolutionary effect on Africa and Asia.

One result was a very great strengthening of the economic ties between nations and continents. The advance of the industrial revolution brought a rapid increase in the production of manu-

factured goods, and a consequent demand for ever widening markets. At the same time there was a continually increasing need for the raw materials on which machine industry depended. The expanding commerce of the western nations reached into economically backward countries which offered markets for European and American products and whose natural resources such as minerals and rubber and oil awaited development by western capital. This was a process which broke down the economic isolation of the areas concerned, and made the nations of the world more and more dependent on an active and growing trade with each other. At the same time it introduced the peoples of Africa and Asia to European products and to European standards of living, and aroused in many of them a desire for greater economic advantages than they had hitherto enjoyed.

Along with the spread of commerce went the dissemination of ideas. Contact with the west had a cultural as well as an economic impact on the peoples of other regions. Through many avenues the basic ideas on which European society was founded penetrated to distant lands. Missionaries introduced the Christian concept of the brotherhood of man, and in many cases undertook the work of providing western education through the establishment of schools and colleges. Students from other continents went in increasing numbers to the universities of Europe and America. The literature of the west became familiar to many intellectual leaders, and through them a growing knowledge of western political and social philosophy spread to the people at large.

As a result, an outstanding feature of the early twentieth century was the widespread influence of democratic ideals. The concepts of individual liberty, of equality of opportunity, of popular self-government, had played a tremendous part in the political struggles in Britain and France and America. In other countries in Europe they had roused aspirations toward democratic government and national independence, some of which were still unsatisfied. Now the politically backward lands of Asia and Africa were in their turn awakening to the ideas of freedom and democracy. These were tremendous and revolutionary forces, and their growing

strength meant that the new century faced the problem of drastic political readjustments to satisfy popular and national demands.

At the same time there were popular economic aspirations which were equally far-reaching in their implications. The desire for greater security and a more adequate standard of living had steadily grown with the advance of the industrial revolution. But while the idea of social as well as political reform was growing throughout the world, it was particularly strong in the western countries which were most advanced politically, and in which industrialism had made the greatest progress.

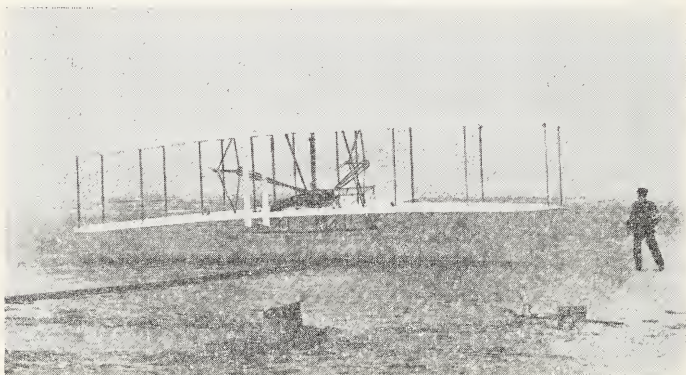
NEW PRODUCTS

This was the result of the development of mass production which inevitably followed the rise of machine industry. By multiplying the worker's ability to produce goods it made possible a greater abundance and a higher standard of living. New methods of transportation released industry from its dependence on local markets and allowed goods to be carried all over the world. On the farm as well as in the factories, machines such as the reaper and the tractor and the combine permitted the farmer to produce larger crops for a world market. Men became more and more dependent for their prosperity on their ability to exchange goods with each other. A famine in India might result in unemployment in the Lancashire cotton mills. A depression in Germany might mean that the Canadian prairie farmer could not sell his wheat and would be unable to buy machinery from Ontario factories. The individual was no longer dependent on his own efforts alone, but also on the fortunes of other individuals with whom he had to trade.

In addition he was likely to be profoundly affected by the new inventions which were appearing in a constant stream. The development of electricity brought new comforts, from better lighting to radios and refrigerators. Cheap production of silk and rayon gave fabrics for clothing which for some purposes were preferable to cotton and wool. The invention of the motion picture offered a completely new form of popular entertainment. The electric tram provided transportation which made possible the growth of large

cities. The motor car not only brought travel within the reach of vast numbers of people but brought cities and suburbs still closer together.

These were things which changed the manner of living of millions of people. They also affected the economic welfare of very large classes. The growth of cities and the development of motor



Wide World Photo

MAN FLIES

Orville and Wilbur Wright at Kitty Hawk, North Carolina, December, 1903.

transportation called for extensive construction, not only of buildings and factories but of roads and sewage facilities and power systems. New products such as radios and refrigerators and motion pictures gave new opportunities for employment. At the same time such expansion often took place at the expense of older activities. The cotton industry was hit by the increasing use of silk and rayon. Railways complained of the competition from motor transport. Oil replaced coal for some purposes, including heating for homes and fuel for ships. In addition, the beginning of new industries meant great activity in the production of machines and the construction of factories. But this activity declined once the plants were completed, and the result was a swing between boom

periods of prosperity and times of depression which set in when construction activity slackened off.

Thus in spite of the increased wealth which was made available by new inventions and new methods of production, many groups came to feel that their standard of living was both unsatisfactory and uncertain. While great fortunes were made by some individuals, the workers often had reason to complain of long hours and low wages and frequent periods of unemployment. A demand for a more equal distribution of the wealth which was being created, and for a greater share by labour in the fruits of its toil, soon developed in all the principal industrial countries; and this in turn led to an effort to influence the government and to force it to adopt policies which would assure to the mass of the people an adequate standard of living.

STATE INTERVENTION AND CONTROL

By the end of the nineteenth century the limitations of *laissez-faire* were clearly apparent in the more advanced industrial countries. The advocates of individual economic freedom had believed that the interests of the community as a whole would be best served by allowing every man to conduct his business in whatever way he saw fit. Free and unrestrained competition, they felt, would offer full opportunity to the enterprising individual, and would give the greatest rewards to those who were most efficient in meeting the public demands. In many ways the system did serve to stimulate new inventions and to encourage the production of more and better goods at lower costs. But it also brought evils as a result of the tendency of some businessmen to increase their profits by exploiting both the workers and the consumers; and other ills were the outcome of the violent fluctuations between prosperity and depression which accompanied the spread of the industrial revolution.

Many of the problems thus created were too big to be remedied by individual action, or even by voluntary co-operation. Long hours and low wages and poor working conditions, the growth in the great industrial cities of slums which were the result of poverty and which bred disease and crime, the periods of mass unemploy-

ment during each business depression, all called for measures which were beyond the power of individual reformers or of private charity. If these things were to be dealt with, it could only be through community action expressed through the various organs of government.

Thus the modern state, including local as well as central governments, found itself forced more and more to undertake direct action in economic and social affairs. In the interests of the health and welfare and living standards of the community, it was obliged both to impose certain obligations and restraints on private enterprise and to undertake an increasing number of functions for the benefit of the people at large. Such developments were the result of a growing feeling that certain minimum standards of health and well-being were essential in the public interest, and that these could only be attained by state action.

The field of this activity steadily widened. In its early stages it took the form of interfering with the complete right of private business to deal as it liked with both workers and competitors. Examples are provided by the factory acts in Britain and the anti-trust acts in the United States. In the interests of decent living standards, governments sought to abolish child labour, and to impose maximum hours of work, and in certain cases to decree minimum wages. Then they found themselves obliged to go further and to pass measures which would provide insurance against unemployment and sickness and old age. These social measures were supplemented by an increasing activity in public health, which led in some instances to projects for public housing and slum clearance. Meanwhile the growth of democracy and the need for an informed and intelligent public forced the state to recognize that education could not be left entirely to private enterprise, and that governments must take responsibility for placing education within the reach of all. The growing need of the large cities for certain essential public services led many municipalities to take over ownership of the water and lighting and transportation systems. The Ontario Hydro-Electric system and the Canadian National Railways are further examples of great enterprises under direct government control. More and more, governments in the more advanced

countries found themselves actively engaged in business, side by side with private enterprise.

THE RISE OF SOCIALISM

Such advances however were far from satisfying the more radical groups whose criticisms were directed against the whole capitalist system. While social reformers asked that the state should effect a moderate redistribution of wealth in the form of social benefits, accompanied by restrictive legislation to curb the evils of *laissez-faire*, the socialists called for the complete elimination of private ownership. They felt that the profit system led inevitably to exploitation which resulted in poverty and misery, and that a decent and humane standard of life could only be achieved through the public ownership of all the means of production, distribution, and exchange.

In practice the socialist programme of action took a wide variety of forms. The more moderate elements looked for a gradual advance which would eventually bring the key economic enterprises, such as the banks and the railways and the large industries, under the control of the state. This was an evolutionary process which would avoid any violent upheaval, but which would result in government control of the national economy and its direction in the interest of the social good rather than of private profit. At the other extreme were the advocates of communism who looked for a violent overthrow of the existing society and the transfer of both political and economic power to the working class.

This latter creed was chiefly inspired by the doctrines of Karl Marx (1817-1883). Marx was a German who was exiled as a result of his radicalism, and who spent the last thirty-four years of his life in England. His study of English industrialism convinced him that an irreconcilable antagonism of interest amounting to a "class war" existed between the possessing classes (the capitalists) and the wage-earning masses (the proletariat). He believed that the workman could not hope to improve his lot under capitalism, and that the breach would widen until the workers rose in revolt and overthrew the system of private ownership. They would then create a dic-

tatorship of the proletariat leading ultimately to the abolition of class distinctions and to the full control by the workers of the means of production and exchange.

Although Marx's theories were not accepted by all socialists, he exercised a profound influence over the socialist movement as a whole. By the turn of the century, socialism was established as an organized force in the leading European countries, and in most of them socialist political parties were exhibiting a growing strength in parliament. In the United States the movement was weaker, but the very fact that it had made an appearance was enough to create alarm in conservative quarters. There were few countries where socialism was as yet strong enough to threaten the established order or to gain power by democratic means. But its existence, and the resulting apprehension of the propertied groups over its continued growth, lent very considerable impetus to the progress of social reform and government intervention. It was felt that the appeal of socialism to the masses must be countered by measures which would meet the popular demand, and which would show that adequate reform was possible within the existing social and political framework.

This indeed was the essence of one major problem which would grow in gravity as the century advanced. The spread of political democracy during the nineteenth century was the result of a growing pressure by the mass of the people in the more advanced countries for the abolition of privilege, for greater individual liberty, and for a direct share in government. But the attainment of these ends was followed by an insistence on social and economic reforms which involved an increasing exercise of government authority over the activities of the individual. The question was emerging whether the democratic system, with its method of gradual advance based on the process of discussion and compromise, was an adequate instrument for the solution of the social and economic problems which confronted modern society, or whether the desire for still more extensive action by the state would lead the western nations to adopt more authoritarian forms of government, and to modify or abandon democracy in favour of some new form of state control.

THE INTERNATIONAL ASPECT

To complicate matters, a stage had been reached in the development of industrial civilization which made it difficult for any nation to solve its problems by its own actions. The prosperity of each country was more and more dependent on world conditions as a whole. The active and uninterrupted flow of international trade was essential not only to countries which were highly industrialized, but to more economically backward lands which depended on the sale of their food and raw materials to the industrial nations. A depression in any country which curtailed that country's purchasing power would spread its effects rapidly throughout the rest of the world.

Here too the outcome of unchecked competition was not wholly beneficial. In the international sphere, as in the domestic economy of the various countries, *laissez-faire* had revealed a number of disadvantages. Each nation claimed the right to pursue its own policy without interference from its neighbours, but its actions might have serious effects on other lands. The adoption of a protective tariff, the annexation of some colonial area with important natural resources, the establishment of a sphere of influence in which one country claimed special advantages over all others—any of these events might seriously dislocate existing trade relations and threaten the prosperity of the nations involved. The need for closer international co-operation in the economic sphere, in order to eliminate restrictions and to keep national rivalries within bounds, was growing more evident as the integrated nature of the world economy became plain.

Above all, there was vital need to eliminate the supreme dislocation of war. Even the threat of war, by increasing the tension between nations and impelling them to seek self-sufficiency for purposes of war production, had a hampering effect on world prosperity. To the extent that national antagonisms were the result of economic rivalries, this gave a powerful added motive for an increase of collaboration to assure to each nation an acceptable standard of life, and to keep in check any nation which sought to increase its power and possessions at the expense of others.

Thus the industrialized and highly integrated world of the twentieth century confronted two major problems. One was the reconciling of individual freedom with the increased state activity necessitated by the growing complexity of modern industrial society. The other was the elimination of the national antagonisms from which wars arose, and the creation through international co-operation of a stable and prosperous and peaceful world order. It was not too much to say that on the solution of these problems depended the survival of modern civilization.

CHAPTER VIII

THE WORLD IN TRANSITION

The steady growth of the spirit of nationalism which marked the nineteenth century had become by the end of that period the dominant factor in world politics. Already it had helped to transform the geography of Europe and to create a new balance of forces whose effect was soon felt in other continents. Yet the process was far from completion, and the urge for further change was growing in intensity. Although the economic changes resulting from the industrial revolution had drawn the world closer together, their political effect was to sharpen the rivalries of peoples and nations and to lend new vigour to national aspirations. Under pressure of these forces the old political structure of the world was being broken down, and human society was passing through a period of transition which affected every aspect of life.

By the latter half of the nineteenth century the sovereign nation-state had become the basis for the political organization of the modern world. The aspirations of particular groups, especially groups that shared a common race or a common language, to be united within a single political framework and to control their own affairs without outside interference, had resulted in the spread of the spirit of nationalism and the achievement of a nationalist basis by the leading world powers. Britain and France had long been established as nation-states. The strength of Russia's national consciousness had been exhibited during the Napoleonic wars and the period that followed. National unity had been attained by Italy and Germany. Yet even in those countries the spirit of aggressive nationalism was on the increase, fed by the desire for greater strength and for new acquisitions which would add to their power and wealth. In other countries the desire for freedom and unity was gaining strength as its satisfaction was delayed. In Austria-Hungary and the Balkans the conflicting aspirations of the various races offered a rising threat to the existing order of things. In Asia the

awakening of the various peoples under the impact of western ideas meant the spread of nationalism to that vast continent. Japan, forced to emerge from her seclusion and to take her place in the modern world, set out to model herself on the leading nations in Europe and to attain a dominant position in Asia. The infiltration of modern ideas into China resulted in a revolution which overthrew the monarchy in 1911 and which aimed at the creation of a strong and unified republic. Indian nationalism was pressing along the path marked out by Canada and the other Dominions. The Middle East was being stirred by Arab aspirations toward unity. The nationalist upheaval which had already shaken Europe was now becoming world wide.

Such developments had a profound effect on international relations. Not only did they threaten to overturn the existing balance between states. They also brought into sharp conflict the aspirations of various nationalities in a way that raised new threats to peace. Even the attainment of national freedom and unity did not mean that a state was peaceful and contented. Instead, it usually discovered strategic and economic interests beyond its own borders which brought it into conflict with other Powers. Each nation sought to increase its prosperity by economic expansion which soon extended its interests into other lands. Competition for markets and raw materials and fields of investment led to rivalries over colonies and spheres of influence, and to efforts to protect or extend the areas in which each country felt that its interests were particularly vital. The growing industrialization of Germany brought her into commercial and colonial rivalry with Britain. France and Italy both aspired to the control of the Mediterranean. Russia and Austria-Hungary found their relations embittered by their conflicting ambitions in the Balkans. Russia and Japan fought over the control of Korea and Manchuria. Nationalism was followed by imperialism and by an intensification of the danger of war.

BALANCE OF POWER

The emergence of Germany and Italy as leading Powers had a profound effect on the European balance. It meant the complete

supremacy of the large Powers and the virtual impotence of the small states in international affairs. The middle-sized states had practically disappeared, and the gap between the large and small nations meant that effective decisions in any crisis lay with the former. Even a nation the size of Spain could do little to influence such decisions. Even among the large states, the United States and Japan largely confined their interests to America and Asia and played only secondary roles in world politics. The peace of the world rested in the hands of six great European powers, including Britain; and the maintenance of peace depended on their readiness to co-operate in international affairs. Unhappily their feuds and rivalries were stronger than their sense of common interest; and as tension between them increased, it resulted in the division of Europe into two armed and hostile camps.

In western Europe the salient factor was the antagonism between France and Germany. France had neither forgotten her defeat in 1870 nor forgiven Germany for the annexation of Alsace-Lorraine. She was determined to recover her military strength and to regain her lost provinces. In the face of this danger, Germany felt that she must keep France isolated. It was Bismarck's policy to maintain good relations with the other powers of Europe and to prevent France from finding allies among them.

One of his difficulties arose from the existence of a second major area of friction in Europe. This was the Balkans, where the rivalry of Austria and Russia was growing in bitterness. Bismarck was unwilling to side unreservedly with either power against the other. He had no intention of seeing Germany dragged into a war over the Balkans where she had no direct interests. Yet he had to forestall the possibility that either Austria or Russia would turn to France and seek an alliance with her. His task was to maintain Germany's friendship with both Austria and Russia, and to restrain both of them from pressing their quarrel to a point which would threaten war.

Until his fall in 1890, Bismarck succeeded in this aim, though with increasing difficulty. To the Dual Alliance between Germany and Austria, and the Triple Alliance which joined those two Powers with Italy, he added first the League of the Three

Emperors between Germany and Austria and Russia; and when this broke down in 1887 as a result of Austro-Russian antagonism, he kept the wire open to St. Petersburg by the Reinsurance Treaty which bound Germany and Russia to mutual neutrality in case of a defensive war. Bismarck's successors, however, felt both unwilling and unable to maintain the complicated and precarious system that he had created. They let Russia go, and Russia in alarm turned to France. For the first time since 1871, France found it possible to escape from her isolation and to create a new balance in Europe. The Franco-Russian alliance was reinforced when Britain, faced with a growing German aggressiveness in colonial and naval matters, felt obliged to liquidate her difficulties with France and Russia in order to concentrate her strength against Germany. From 1907, Triple Alliance and Triple Entente confronted each other in an atmosphere of growing tension.

IMPERIALIST RIVALRIES

At the outset all these agreements were defensive in form. But while they protected the existing interests of the various parties, they were also used to support their ambitions. As imperialism developed, and as the rivalries outside of Europe grew more acute, it was inevitable that the alliances should cease to be purely protective and should become powerful instruments for aiding the expansionist designs of the various Powers.

One scene of the resulting rivalries was Africa, where the process of partition was nearing completion. Britain's dream of controlling a route from the Cape to Cairo conflicted with the ambitions of Germany, who wanted to round out her footholds in East and Southwest Africa at the expense of the Portuguese colonies. German ambitions in the Congo clashed with those of France. In North Africa, France's desire to replace Britain in Egypt and the Sudan was renounced in the agreements which formed the Entente, but her control of Tunisia was resented by Italy, and her designs on Morocco were viewed by Germany with a jealous eye. Italy had colonies on the Red Sea in Eritrea and Somaliland, and she was casting covetous eyes on both Libya and Ethiopia.

In China the struggle took the form of a scramble for economic advantage. Japan, it is true, was already aiming at extending her control to the mainland. In 1895 she forced China to relinquish all claim to Korea, though she did not annex that country until 1910. Her victory over Russia in 1905 made her dominant in southern Manchuria. Russia was forced to give up her railway interests and her lease of Port Arthur, though she retained the Chinese Eastern Railway which made northern Manchuria a Russian sphere of influence. Britain owned Hong Kong and was economically dominant in the Yangtse valley. Germany secured a virtual monopoly in the Shantung peninsula from which she threatened to expand into the British sphere. France controlled Indo-China and sought to push its borders westwards at the expense of Siam, somewhat to the concern of Britain who had established her position in Burma and the Malay States. The islands of the Pacific were divided among the leading Powers, and here too Germany's desire for further possessions brought her interests into conflict with those of Britain, and to some extent with those of the United States in Samoa.

In the Middle East the chief rivalry was between Britain and Russia, though here too Germany was making persistent efforts to enlarge her foothold. The Anglo-Russian entente of 1907 eased the rivalry over Persia and Afghanistan and Tibet and helped for a brief period to strengthen Britain's resistance to German penetration of Turkey. Here Britain had important commercial interests which were being undermined by the growth of German influence; and the German project for a railway from Berlin to Bagdad seemed a special threat to Britain's interests in Mesopotamia. Although Germany suggested that the project should be a joint undertaking, Britain refused unless she were given control of the section leading to the Persian Gulf. It was only in 1914, on the eve of the outbreak of war, that an agreement to this effect was ultimately reached between the two Powers.

INTERNATIONALISM

While the competition for markets and resources and spheres of influence was dividing the world into hostile groups of Powers, the

need for international co-operation was steadily growing. Modern developments in trade and industry and communications had knit the world into a single community bound together by a multitude of common interests. If national quarrels should lead to war, the consequent disruption would be little short of ruinous for the nations involved. The search for national prosperity was leading to rivalries and antagonisms, yet prosperity was only possible if the world was assured of peace.

By the latter part of the nineteenth century, practical needs had led to the growth of international co-operation for definite purposes. The linking of the world by telegraph and cable led to the formation of a Universal Telegraph Union by thirty nations in 1875. The Universal Postal Union was set up by sixty countries in 1878. Copyrights and patents, coinage and standards of measurement, were all subjects of international agreement. And on the humanitarian side, the creation of the International Red Cross in 1864 was an attempt to reduce the barbarism of war by the recognition of certain civilized standards and the acceptance of an international organization which should be above the conflict.

Even more significant were the efforts to reduce the danger of war itself. These took the form of an attempt to substitute arbitration for armed conflict, in the hope that a reduction of armaments would thus be made possible. In 1899, at the instance of the Tsar of Russia, a conference was called at the Hague to discuss the limitation of armaments. It was attended by nearly all the independent states of Europe and Asia and by the United States and Mexico. It proved impossible to agree on any scheme of disarmament or limitation. Germany was particularly outspoken in her opposition, and when a second Hague conference was called in 1907 she refused to attend if disarmament was to be discussed. By that time she had embarked on the creation of a strong navy; and when Britain, during the years that followed, tried to reach an agreement which would check the naval competition between the two countries, she met with a complete lack of success. Yet though disarmament could not be secured, the Hague conferences were not wholly unsuccessful. The first conference set up a court to which disputes might be submitted. The second drew

up a convention to govern the humane conduct of war. Such steps expressed a real desire to avoid conflict but offered few safeguards against it. The Great Powers preferred to pursue their own ends and to rely on their own strength, and the result was a rapid and alarming rise in the armaments of all the leading states.

THE FIRST WORLD WAR

International tension was further heightened by a series of diplomatic crises. In 1905, and again in 1911, France's penetration of Morocco resulted in clashes with Germany that threatened to lead to war. In the Balkans, the annexation of Bosnia by Austria-Hungary in 1908 led to a serious crisis with Russia, and war again threatened when the rivalry of these two Powers flared up after the outbreak of the Balkan wars in 1912. On each occasion a settlement was reached by negotiation, but the parties to the disputes emerged resentful and hostile and less ready to make concessions when a new crisis arose.

The long-threatened explosion was set off by the murder of the Archduke Francis Ferdinand at Sarajevo in June 1914. Austria-Hungary saw in the crime the result of Serbian nationalist agitation which aimed at detaching the southern Slav provinces from the rule of Vienna. The time now seemed ripe to crush Serbia, whose attitude threatened the solidity of the Hapsburg empire. Germany, who had exercised a restraining influence on Vienna in the two earlier Balkan crises, now decided to back up her ally, gambling on the willingness of other Powers to stand aside while Serbia was punished. But Russia could not afford to see Serbia, a Slav state, crushed by Austria-Hungary; France stood by her alliance with Russia, and Britain felt that she must support France against Germany. The last-minute efforts of Germany to draw back were frustrated when Vienna insisted on war against Serbia, thus provoking Russian mobilization and forcing Germany in turn to mobilize in support of Austria. By the beginning of August 1914, Europe was plunged into the major war which had so long been feared and which her statesmen had shown themselves powerless to avert. Turkey and the Balkan states were drawn in one by one. In 1915, after bar-

gaining with both sides for territorial gains, Italy entered the war on the side of the Allies, and in 1917 the ruthless German submarine campaign brought the United States in as well.

The war was unprecedented not only in its magnitude but in its nature. The industrial revolution and the discoveries of science had vastly increased the destructive power of modern armies. Ma-



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KAISER WILLIAM II REVIEWING HIS TROOPS

chine-guns firing several hundred shots a minute, modern artillery that could batter enemy positions with thousands of tons of high explosive shells in a concentrated barrage, meant that battles involved a volume of firepower far exceeding anything in the history of war. Manpower was mobilized on a comparable scale. All the leading belligerents used mass conscription which made every physically fit man subject to military service. By the end

of the conflict a total of 65 million men had been engaged, and of these 9 million had died and 7 million more were permanently disabled. The cost of the war, including property losses and war relief, has been estimated at \$270 billion. The conflict meant an appalling waste of resources both human and material.

In this war the scientist and the inventor achieved new and vital importance. The search for new weapons and for defences against them became particularly urgent when the western front settled down to trench warfare and both sides sought feverishly for some means of breaking the deadlock. Of all the devices that helped to transform the nature of war, none was more important than the internal combustion engine. Not only did it make available the lorry and the tractor to supplement the railways in keeping a vast stream of supplies flowing to the front. It also brought into being new and revolutionary weapons. Air power came into being, providing the combatants with a new dimension and enabling them to strike far behind the enemy's battle lines. The submarine struck at the ocean lifelines and challenged the mastery of the seas that had hitherto been enjoyed by superior surface navies. The tank, developed by the British in 1916, was a weapon whose combination of mobility and striking power restored the superiority of attack over defence, with tremendous consequences for the future.

The new nature of war, coupled with its new magnitude, held appalling implications for the modern world. The terrific demands of modern armies for weapons and munitions and supplies meant that a nation's strength depended not merely on its size, but on its industrial capacity in combination with its natural resources. It meant that in war all the national resources of every kind must be devoted to war purposes. It meant also that so long as the possibility of war existed, the nations must prepare in advance, and that even in peacetime the need for armaments would divert much of their productive capacity from civilian needs. War no longer depended on the soldier alone, but on the whole population. And with the evolution of the bombing aeroplane, the home front lay open to attack, and women and children whose energies were devoted to the war effort, or who simply lived in a country at war, lay under the shadow of bombardment from the air. The

nature of modern war made the distinction between soldiers and non-combatants virtually obsolete, and the destructive power of modern weapons threatened modern civilization with ruin unless war could be eliminated from the earth.

CHAPTER IX

THE NEW SETTLEMENT

The end of the first World War confronted the peacemakers with formidable problems. The Allied victory and the revolutions which accompanied it in the defeated states as well as in Russia shattered the political geography of nineteenth-century Europe. A new framework had to be created in central and eastern Europe, where the Hapsburg empire had disappeared and new states had emerged from territory once ruled by Germany and Russia. Defeat brought disintegration to the Turkish empire. Germany's colonial empire lay at the mercy of victors. Far-reaching decisions affecting peoples and boundaries and resources had to be taken by the statesmen who met at Paris to draw up the new settlement.

There were other problems that went far beyond the redrawing of the map. The loss and devastation resulting from the war left the belligerents, particularly in Europe, staggering under tremendous burdens. Their economic foundations had been shaken by the upheaval. Domestic production and foreign trade had both been severely dislocated. Overseas investments had been lost and public debts vastly increased. War debts between the Allies, and particularly those owed to the United States, provided an added complication, which was further aggravated by the effort to wring reparations from Germany. Economic as well as political problems had to be liquidated if a stable world was to emerge from the peace conference.

The desire for stability was a dominant factor in the settlement. The world ardently desired to be released from the age-long scourge of war and from a repetition of the terrible catastrophe through which it had just passed. But if this was to be achieved, the causes which led to war must be removed. As a first step, the spirit of nationalism must be satisfied. It was believed that the friction and unrest which had led to the war was largely the result of the thwarting of the desires of various racial groups for freedom and unity. By adopting the principle of self-determination, it was hoped that these desires could at last be satisfied. Once that had

been done, the foundation would be laid for that broad international co-operation on economic and political matters which was the final necessity if the peace of the world was to be assured.

But it proved easier to adopt the idea of self-determination in principle than it was to apply it successfully in practice. For one thing, the peacemakers had by no means a free hand. The individual victors had territorial claims which could not be ignored. New states had arisen from the ruins of the defeated empires; and while the details of their boundaries remained to be settled, their existence was a fact which had to be accepted. But it proved impossible to reconcile all the conflicting claims which were put forward at the peace conference, or to satisfy the victors and still leave no irreconcilable grievances among the vanquished. In particular, the desire for security against new aggression meant that the states which had achieved victory, or which had emerged as a result of that victory, demanded a settlement which would strengthen them and weaken their former enemies. The result was to perpetuate the very spirit of revenge which the peacemakers had hoped to avoid, to keep alive the fear of insecurity instead of eliminating it, and to leave a legacy of resentments and fears and ambitions which prevented the establishment of that harmonious international society on which the peace of the world depended.

PRELIMINARIES OF PEACE

By 1918 the forces of nationalism had already accomplished certain results which the peace conference felt it necessary to accept. Perhaps the most significant was the break-up of the Austro-Hungarian empire. The various national groups within the Hapsburg empire had seized on the war as an opportunity to secure their freedom. The Poles and the Czechs had set up national committees which developed into provisional governments in exile. The Croats had decided to join with Serbia and Montenegro to form the new state of Yugoslavia. With the military collapse of Austria-Hungary in 1918 the empire split into fragments. The peace-makers found the new states in existence, and even if their aspirations had not already been recognized by the Allies, it would have been almost impossible to put the fragments together again.

A somewhat similar result had followed the Russian revolution and the withdrawal of Russia from the war. The Germans had occupied the western borderlands and forced Russia to accept their loss by the peace of Brest-Litovsk. The Allies in their turn forced Germany to withdraw from these conquered territories. When this happened the Baltic States—Lithuania, Esthonia, Latvia and Finland—proclaimed their independence, and the independence of Poland was also assured. But Russia was not represented at the peace conference, and the whole question of what would happen to her former possessions was outside the scope of the peace treaties. It was left to be settled by later treaties between the Soviet Union and the new states which had split off from the old Russian empire.

Thus there were lands belonging to former allies as well as to former enemies over whose disposal the peace conference had little or no control. It might decide certain details of the actual boundaries, such as those between Hungary and her neighbours, but the existence of the new countries was already an accomplished fact. At the same time the Allies were further limited by various promises made during the war. Some of these were embodied in the secret treaties which provided for the division of the spoils. Others were contained in the public Allied statements on war aims, of which the most notable and the most influential was President Wilson's Fourteen Points.

The secret treaties were an effort to satisfy certain Allied claims in advance. The Allies in 1915 promised Constantinople and the Straits to Russia, though this agreement was abrogated by the Bolsheviks after they came to power. Japan was to succeed to Germany's rights in the Chinese province of Shantung. Rumania was promised a slice of Hungary including Transylvania. France and Italy were to secure territory in Asia Minor at the expense of Turkey. Italy was induced to enter the war by the promise of the southern Tyrol and a part of Dalmatia, as well as Rhodes and the Dodecanese islands, and was assured of further compensation if Britain and France secured territory in Africa. It was taken for granted that Alsace-Lorraine would be returned to France, and both France and Belgium had further aspirations for territory at the expense of Germany.

Some of these pledges were not easy to reconcile with the public statements of the Allies. In December 1916 they issued a summary of their general aims which amounted to the expulsion of the Central Powers from the lands they had invaded, the freeing of the subject races in Turkey and Austria-Hungary, and the reorganization of Europe on the basis of nationalities. Lloyd George in January 1918 denied that there was any desire to destroy Turkey and Austria-Hungary but called for an independent Poland, self-government for the races ruled by the Hapsburgs, and the handing over to Italy and Rumania of the provinces populated by those races. And on January 8, 1918, President Wilson stated his Fourteen Points, followed by the Four Principles on February 11.

The Fourteen Points called for open diplomacy, freedom of the seas, removal of economic barriers, and reduction of armaments. Colonial claims were to be impartially adjusted in the interests of the populations concerned. Russia, Belgium, and France, must be evacuated and Alsace-Lorraine returned. The Balkan states were to be freed, Italy's frontiers readjusted on national lines, the peoples of Austria-Hungary and Turkey to secure autonomy, and Poland to be independent with an outlet to the sea. Finally a general association of nations was to be formed to assure the political independence and territorial integrity of all states. The Four Principles laid down certain guiding ideas. Each part of the final settlement was to be based on the essential justice of each individual case; peoples and provinces were not to be bartered like chattels or pawns from one sovereignty to another; the territorial settlement was to be in the interests of the populations concerned rather than in satisfaction of rival claims; and the utmost possible satisfaction was to be given to all well-defined national elements.

THE SETTLEMENT OF EUROPE

It was on the basis of the Fourteen Points that Germany agreed to an armistice in 1918. But when it came to applying them in the peace settlement, serious difficulties arose. The Allies themselves had merely accepted the points in principle and with a number of reservations. Although in general they accepted the idea of self-determination as the guiding principle of the settlement, they found

that it had to be modified in practice. Moreover, the desire to create a satisfied Europe was accompanied by a conviction that Germany's strength must be reduced so that she would not again be able to launch an aggressive war. The new states, while they insisted on the inclusion of all their racial kinsfolk, also demanded secure frontiers and adequate economic resources, and this meant the inclusion of racial minorities within their borders. And throughout the Allied world there was a bitterness against the defeated countries, and particularly against Germany, which led to a popular demand for harsh terms which would punish them for their misdeeds. Even statesmen who wanted a moderate peace had to accept the fact that too great an appearance of moderation might lead to the overthrow of their governments at home in favour of others who would carry out the pledge to "make Germany pay".

In central and eastern Europe the collapse of Russia and Austria-Hungary and the defeat of Turkey and Bulgaria led to profound changes in the map.¹ The Polish provinces which had been ruled by Russia and Austria were united with the German province of Posen to form an independent Poland with a corridor to the Baltic. Danzig was created a Free City. Czechoslovakia appeared as a new state carved out of former Hapsburg lands. Italy and Rumania both acquired territory that had been part of Austria-Hungary, and other territories were joined to Serbia and Montenegro to form the new state of Yugoslavia. Bulgaria lost territory to both Yugoslavia and Greece. Turkey retained a foothold in Europe around Constantinople, but she was forced to grant freedom to Palestine and the Arab states of the Near East and to give up most of her islands in the Aegean.

Yet these changes, sweeping as they were, yielded in significance to the terms imposed on Germany by the Treaty of Versailles. Although she suffered no such partition as the former Hapsburg empire, her territorial losses were considerable. Alsace-Lorraine was returned to France. Belgium received the small districts of Eupen, Malmédy, and Moresnet. Northern Schleswig went to

¹In addition to the Treaty of Versailles between the Allies and Germany, the chief treaties were those of St. Germain with Austria, Neuilly with Bulgaria, Trianon with Hungary, and Lausanne (1923) with Turkey.

Denmark as the result of a plebiscite. France was given ownership of the coal mines of the Saar as reparation for Germany's destruction of the French mines, and the district itself remained for fifteen years under the League of Nations, though it then returned to Germany following a plebiscite. In the east Germany's losses were still more extensive. Posen and part of West Prussia went to Poland. The Polish corridor cut off East Prussia from direct contact with Germany proper. The port of Danzig was taken from Germany and made a Free City under the control of the League. The port of Memel was handed over to the Allies and later taken over by Lithuania. The holding of a plebiscite in Upper Silesia was followed by a division of the district between Germany and Poland; for although the majority voted to stay with Germany, the Poles claimed those areas where they had gained the larger vote. In the end Germany lost over 12 per cent of her territory, about 12 per cent of her population, 10 per cent of her manufacturing and 15 per cent of her agricultural production, as well as important resources such as coal and iron ore.

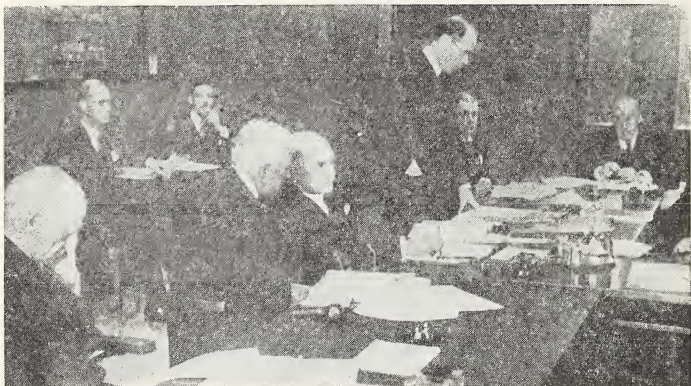
MINORITIES

In the settlement of boundaries by these various treaties there was a serious effort to apply the principle of nationality. The use of plebiscites in doubtful areas showed a desire to allow self-determination, and it was worthy of note that all plebiscites except that in north Schleswig went in favour of the defeated states. None the less, the new boundaries inevitably included minorities of one race in territory belonging to another; and the principle of self-determination was contradicted by such provisions as the one which forbade any union between Germany and Austria. Yet there were only a few cases, such as that of Upper Silesia, where grievances could have been remedied by a change of boundaries without creating fresh and equally valid grievances on the other side. And since the minorities problem could not be avoided, an honest effort was made to reduce its significance by imposing special treaties on the states where the problem existed. There were for example 3,000,000 Germans and 760,000 Magyars in Czechoslovakia, 1,500,000 Magyars and 250,000 Bulgarians in Rumania, and

German and Hungarian minorities in Poland and Yugoslavia. All these countries had to agree to respect the religion and language and civil rights of the minority groups, and the League was entrusted with the task of seeing that the promises were carried out.

MANDATES

The League had also a measure of oversight over the former German colonies. The desire to prevent a revival of Germany's strength was one motive for the Allied refusal to return her colonies



AP Photo

A MEETING OF THE MANDATES COMMISSION OF THE LEAGUE OF NATIONS

at the end of the war. But instead of outright annexation the mandate system was adopted. By this, the conquered colonies were divided among the Allies to be administered in trust for the League. Class A mandates—chiefly those which had been taken from Turkey—were expected soon to reach self-government with the aid of the mandatory power. Under this arrangement Britain was given supervision of Palestine and Transjordan and Iraq, while France received Syria and Lebanon. Class B mandates were lands with considerable population but too primitive in development to be

fitted for early self-government. Class C mandates were small or sparsely settled areas, such as the Pacific islands or Southwest Africa, which were practically annexed to the mandatory power. These two classes were divided in a way which gave German East Africa to Britain, except for a small portion to Belgium, and partitioned Togoland and the Cameroons between Britain and France. Southwest Africa went to the Union of South Africa and German Samoa to New Zealand. Japan secured the German islands in the Pacific north of the equator, and those south of the equator were handed over to Australia.

ECONOMIC AND MILITARY CLAUSES

These territorial losses, however, were only part of the burden imposed on the defeated Powers. There were serious economic losses as well. The Allies insisted that Germany and her associates were responsible for starting the war, and wrote the "war guilt clause" into the peace treaties. On this basis they felt justified in demanding from the defeated Powers reparations for the damage which the war had inflicted on the Allied civil populations; and this was interpreted to include military pensions and the Belgian war debt. It was soon evident that the sum which could be assessed on this basis would be fantastically beyond anything that Germany could be expected to pay. Yet it was hard to get the acceptance of a more practical figure in the embittered atmosphere which followed the war. It was therefore decided to leave the fixing of a final sum to a Reparations Commission, and in the meantime to demand from Germany certain payments in goods as well as in cash. Besides certain stipulated quantities of such things as coal and livestock, Germany was to hand over at once all ships over 1,600 tons and half those between 1,000 and 1,600 tons, and might be required to build for the Allies a further 200,000 tons a year for five years. Similar demands for reparations were imposed on Germany's allies, and their national economies were virtually placed under mortgage for an amount which was still undefined.

The military clauses of the treaties had two aspects, both of which aroused resentment in the defeated countries. The first

feature was the disarmament of Germany and her allies. This was intended in the first instance to deprive them of the power of military aggression; but Germany was informed that it was also meant to make possible a move toward general disarmament, and she regarded this as a moral pledge whose non-fulfilment by the Allies would justify her right to rearm. The German army was limited to a long-term volunteer force of 100,000 men. The General Staff was to be dissolved, the manufacture of munitions was strictly limited, her navy was restricted to 6 battleships, 6 light cruisers, 6 destroyers, and 12 torpedo boats, and no air forces were allowed her. Similar restrictions were placed on Austria and Hungary and Bulgaria. Turkey's armed forces were not limited, but no forts or garrisons were to be allowed in a zone on either side of the Dardanelles.

Germany also had to accept the demilitarization of her western border. France had wanted to annex the Rhineland in the interests of security, but the Allies refused to agree. Instead they stipulated that Germany should neither build fortifications nor maintain troops in that area. And as an added guarantee for the execution of the whole treaty, including the reparations clauses, an Allied army was to occupy the Rhineland and the bridgeheads of Cologne, Mainz, and Coblenz, with the provision that the troops would be withdrawn in three five-year stages if the treaty were faithfully observed. Thus part of German territory would be under Allied military control for the next fifteen years, and if the Allies judged that Germany had not fulfilled her obligations the occupation might be prolonged indefinitely.

Even with all these details, the treaties at the time of their signature were neither final nor complete. There were a number of points left over for future settlement, and there were also opportunities for Allied states which were still dissatisfied to seize further territories before order and stability had been restored. It was only after some years that Europe began to settle down into a stable mould. In the interval, plebiscites decided the fate of Upper Silesia and the disputed areas of East Prussia; Rumania seized Bessarabia from Russia; Poland's eastern boundary, tentatively set at the Curzon Line, was only decided in 1920 after a war which

brought the Russians to the gates of Warsaw; Poland seized Vilna from Lithuania, and Lithuania occupied Memel, and the Czechs took part of Teschen in defiance of Polish claims. The result was to add further grievances beyond those left by the treaties themselves.

Yet with all their faults the treaties represented an earnest effort at a settlement based on national self-determination. In deciding on details, compromises were inevitable; yet few of the basic features of the territorial settlement could have been seriously modified without creating new injustices in place of the old ones. On the economic side there was more cause for criticism, and the reparations clauses in particular were soon to prove unworkable. But though the treaties had flaws, they were not wholly irreparable. Some of them could be, and were, modified in operation; and it was hoped that still wider adjustments would be made possible by the establishment of the League of Nations. It was in fact upon the successful operation of this body that the hope for the future really rested. It was only by co-operating for mutual security and prosperity that the nations could hope to overcome their fears and rivalries and create a stable and peaceful international community. It was the failure of the League that ruined the hopes for the stability of the settlement, and that allowed the flaws in the settlement to become the seeds of future conflict.

CHAPTER X

INTERNATIONAL ORDER IN A NATIONALIST WORLD

The idea of some form of international organization had been in men's minds for many centuries. If war was to be eliminated, there must be an end to the international anarchy in which war was bred. In the internal affairs of individual states, peace and stability depended on the acceptance of the supremacy of law by the mass of citizens, and on the power of the state to enforce the law against any individual or group who tried to violate it. Those principles must be extended to the international sphere if a peaceful world community was to be established; and this could only be done by setting up some body with a general authority over international affairs.

The first essential in any such effort was a guarantee of security to all the states involved. No sovereign nation was prepared to give up the right to protect its own interests by the use of force unless it was confident that those interests would be protected by collective action. But this was only the starting point. Once security was established, the world must embark on the more fundamental task of eliminating the causes of war. Economic conflicts must be diminished by the substitution of co-operation for unchecked competition. The reduction of trade barriers must be made to contribute to a general world prosperity. Nations must abandon the desire to seize territory belonging to others, and be satisfied by access to the markets and resources which they needed outside their own borders. Racial friction must be lessened by a just and equal treatment of minorities. And while the motives for aggression were being removed, the means of aggression must also be eliminated through the reduction and limitation of the armaments which made each strong nation a potential threat to its neighbours.

These were tremendous tasks that could only be accomplished by a slow evolution over a long period of time. The League of Nations failed in its efforts to achieve them in the course of two decades.

The spirit of intense nationalism, and the fears and suspicions which accompanied it, proved too stubborn to be overcome in so short a time. The search for collective security was unsuccessful in the face of the reluctance of the leading states to modify their right of independent action or to provide the League with effective power. Lack of security was intensified by the difficulty of securing world economic co-operation. The desire for change by the nations which resented the peace settlement kept alive the fears of those states which were determined to prevent any change, and made impossible the attempts to reach an agreement on general disarmament. The time needed to establish its effective authority was denied to the League, and the rise of aggression on the part of the dissatisfied states led to renewed anarchy and ultimately to the Second World War.

THE LEAGUE OF NATIONS

There were several basic ideas embodied in the League Covenant. Chief among them was the concept of the rule of law in international affairs. It was believed that war was the result of an international anarchy which left every nation free to disregard its obligations and violate its pledges whenever it chose to do so. If war was to be prevented, nations must agree to accept common rules of international conduct which would protect their own rights and at the same time oblige them to respect the rights of others.

This meant in the first place that there must be machinery to restrain or punish any nation which violated the law and sought to gain its own ends by the use of armed force in defiance of the rights of its neighbours. Law could only be effective if law-abiding nations felt secure under its protection. But legitimate grievances were bound to arise, and if nations were to be prevented from settling them by war, some other means must be provided. There must be some way of changing treaties or other obligations which became unduly burdensome as a result of changing conditions. There must be some body to which disputes could be submitted with confidence that they would be decided in a just and equitable way. Peaceful settlement and peaceful change were two of the essentials for a workable collective system.

Within these limits however there must be respect for the independence of each individual nation. The time had not yet come when the states of the world would surrender their sovereignty to a super-government which could impose its decisions upon them without their consent. Law-abiding nations might agree to band together against an aggressor, but such consent rested on the decision of each individual government. Thus the League from the outset had no power apart from the governments of the states which composed it. It was only through them that it had power to act; and that meant in practice that it depended on the willingness of the Great Powers to take action, for without them the small states could not hope to carry out any effective policy in matters of world concern.

Finally the task of the League was not merely to prevent war, but to promote international co-operation and well-being in the hope that by this process the causes of war might gradually be removed. It was entrusted with the task of trying to secure a general reduction of armaments. It was expected to aid in the effort to secure various social improvements such as the suppression of the opium traffic, the improvement of labour conditions, the prevention and control of disease, and the encouragement of fair trade and freedom of communications. It could not interfere with the domestic policies of member states, but it could try to persuade those states to regulate their social and economic policies in a way that would best promote the harmony and prosperity of the world at large.

This approach was reflected in the structure and powers of the League of Nations. All members were represented in the Assembly, and this became the body in which the chief world issues were discussed and the policy of the League defined. The Council was a more limited body with a more active role. The Great Powers had permanent seats, but other states, elected by the assembly for a three-year term, were also members. At first the Council consisted of four permanent and four non-permanent seats; but with the admission of Germany to a permanent seat in 1926, the number of non-permanent seats was increased to nine. It was the Council, meeting at least four times a year, which carried on much of the

practical work of the League, and which was usually charged with dealing in the first instance with international problems. A permanent Secretariat provided a staff of experts who collected information and prepared for the meetings of the League as well as the conferences held under its auspices.

The powers and obligations of the League were defined in the Covenant. Foremost among them was the prevention of aggression. Members were bound by Article X to respect and preserve the territory and independence of all states members of the League. Any war or threat of war was declared to be a matter which concerned the whole League, and all members bound themselves to settle their disputes by peaceful means. There were elaborate provisions for settling such disputes, and further provisions for bringing economic and military sanctions to bear against any state which violated its pledges. It was hoped that with such power in its hands, the League would be able to deal with any nation which dared to use force in defiance of the Covenant.

THE WORLD COURT

Two other bodies which were not strictly part of the League were closely connected with it. The first was the Permanent Court of International Justice. The old Hague Court had had neither permanent organization nor regular sessions. The new body was composed of 11 (later 15) judges and 4 deputy judges who were elected by the League for a 9-year term and who were entrusted with the application of international law in legal disputes between states. It must be realized that the most serious disputes were usually political rather than legal in their nature, and that such disputes were expected to go to the Council or Assembly or to some other arbitral body. It should also be noted that the Court had no power to enforce its decisions, or even to compel the parties involved to bring their quarrel before the Court. But it was a body before which important questions of international law could be brought for a decision; and although membership as well as use of its facilities was optional, the states who became members of the World Court (and this did not depend on their being members of the League as well) might sign an "optional clause" by which they promised to

submit certain classes of dispute to the compulsory jurisdiction of the Court. Gradually this was accepted by an increasing number of members, until by 1934 the optional clause had been signed by 42 nations, including all members of the British Commonwealth.

THE I. L. O.

The second body was the International Labour Organization. The peace-makers recognized that internal tranquillity and a satisfactory standard of living were essential as a foundation for a peaceful world. The rise of Bolshevism made them all the more desirous to check popular unrest by an improvement in labour conditions. The peace treaty therefore provided for the creation of an organization whose task was to deal with labour conditions and social reform. It was organized on much the same lines as the League, with a Conference in which all members were represented, and a Governing Body composed of representatives of workers and employers and governments (to a total of 32) on which each of the eight leading industrial states had a right to a special delegate. As in the case of the World Court, states which were not members of the League might join the I.L.O.¹

DEFECTS OF THE LEAGUE

Here was an organization which expressed the general desire for the maintenance of peace and the encouragement of world co-operation. Yet there were a number of factors which compromised the experiment from the start. Although it was based on the idea of collective action, the League was not universal in its scope. Several of the Great Powers were always outside its membership. Germany was not admitted until 1926. Russia only entered in 1934, and by that time both Japan and Germany had withdrawn. Most serious of all was the absence of the United States. It had been expected that the power of America would be available to uphold the peace settlement and support the work of the League. When the Senate rejected the Treaty, and with it the Covenant, the whole structure

¹ Up to 1935 Canada's rank as an industrial country entitled her to one of the eight special seats. In that year however both Russia and the United States joined the I.L.O. and Canada was no longer among the eight leading members.

was seriously weakened, and the resulting sense of insecurity prevented the adoption of generous and conciliatory policies which American participation might have encouraged.

It also weakened the support which other states were prepared to give to League action against aggression. Even France, who wanted to strengthen the powers of the League in this respect, wanted also to save those powers for use against Germany and her associates. She was reluctant to see them exposed to a serious test against such countries as Japan or Italy. But other states disliked this policy, which seemed to turn the world organization into a mere league of victors, and they were also unwilling to risk being embroiled with strong nations who were outside the League. Britain in particular refused to take part in any action which might involve the risk of friction with the United States. Yet the League itself had no strength apart from the power which its members were ready to place at its disposal. The failure of the Great Powers to achieve harmony among themselves or to create a strong and workable collective system left the League impotent as an instrument of security.

Thus while the League could be credited with a number of useful accomplishments, it failed to remove the root causes of friction and instability. It was able to settle a number of minor disputes such as those over the Åland islands, and the border clashes between Greece and Bulgaria in 1925, and the frontier between Turkey and Iraq. In economic and social matters, such as curbing the drug traffic and organizing relief for stricken areas and promoting intellectual co-operation, much valuable work was done. But the League was unable to check the progress of economic nationalism and the rising barriers to world trade, and in the vital matter of disarmament its efforts ended in failure.

SECURITY AND DISARMAMENT

The difficulties over disarmament demonstrated clearly how hard it was to create an effective collective system in a world dominated by nationalist ambitions and rivalries. Armaments were themselves the symbol of the distrust that existed between nations. In one sense they heightened that distrust and the

fear that went with it, yet in another sense they were the means on which a nation relied for its security against a possible hostile neighbour. If armaments were to be abandoned, some other instrument of security must be found. But to do this, individual nations must be ready to strengthen an international body by giving up a measure of their own sovereignty, and this applied especially to the Great Powers who possessed the bulk of the armaments and whose support was necessary to any security arrangement. It was the unwillingness of the Great Powers to make the necessary concessions that wrecked the efforts at both disarmament and security.

This was made clear by the failure of the attempts to strengthen the League of Nations as a barrier against aggression. It was recognized that if the League was to serve as an instrument of general security, it must have the power to act promptly and effectively against any aggressor. Proposals to this end were embodied in the Draft Treaty of Mutual Assistance of 1923. All League members were to come to the aid of any state that was attacked, and the Council was to have the right to decide who was the aggressor and what forces member states should contribute. The proposals were rejected as both too wide and too vague. It was felt that more emphasis should be laid on the peaceful settlement of disputes, and that some test of aggression was needed. As a result, arbitration was linked with security and disarmament in the Geneva Protocol of 1924, which provided a comprehensive system of peaceful settlement, and stipulated that a nation that resorted to force rather than accept arbitration would be regarded as an aggressor and exposed to punishment by the League and its members. But the resulting obligations still seemed too wide to various states, including Britain and the Dominions, and the Protocol was rejected in its turn.

An alternative effort was now made to provide for security in a more limited sphere. One of the chief causes of instability was the tension between France and Germany. If this could be removed, French fears might subside and the need for armaments diminish. The desire of Gustav Stresemann in Germany and Aristide Briand in France to bring about peaceful relations

paved the way for an agreement; the willingness of Britain and Italy to join in a guarantee pact made its conclusion possible. By the Locarno Treaties of 1925, Germany's frontier with France



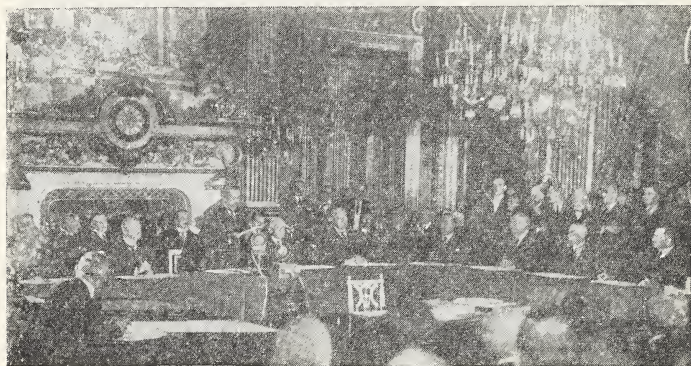
Wide World Photo

STRESEMANN SIGNING THE TREATY OF LOCARNO

and Belgium was accepted as permanent, and Germany promised that she would not use force to change her eastern boundaries. Britain and Italy promised to come to the help of the injured party if the treaty were broken in the west; France promised help to Poland and Czechoslovakia if either were attacked by Germany,

who on her part concluded non-aggression treaties with those two countries. In the following year Germany was admitted to the League of Nations and assumed the obligations of the Covenant.

These arrangements seemed for a short time to promise a new era of conciliation and harmony in international affairs. The new spirit found further expression in the Pact of Paris (Briand-Kellogg Pact) in 1928, by which nearly every state in the world agreed to renounce war as an instrument of national policy, although no machinery was provided to make sure that



Wide World Photo

ADOPTING THE PACT OF PARIS

The speaker is Aristide Briand.

this moral gesture would be given practical effect. The League revived the efforts at disarmament by setting up a preparatory commission to draft a model agreement, and prospects for success seemed heightened when both Russia and the United States agreed to take part in the negotiations.

The hopes thus raised were doomed to disappointment. When the Disarmament Conference met in 1932, the world was in the throes of a depression and faced with a new upsurge of both political and economic nationalism. Japan had invaded Manchuria; Hitler was appealing to German nationalism, and his

advent to power in 1933 was followed by Germany's withdrawal from the Conference in October of that year; France, faced with a resurgent and aggressive Germany, was more determined than ever not to limit her armaments without fresh and solid guarantees in return. The problem of security remained unsolved; and in 1934 the effort at disarmament was abandoned and a new era of general rearmament began.

Even the temporary achievement of arms limitation in a limited sphere had by that time broken down. At the Washington Conference that opened in 1921, the leading naval powers had agreed to scrap a number of battleships and to limit their future strength in that category. Agreement was possible between Britain, the United States, and Japan, largely because of the treaties which seemed to promise security in the Pacific and Asia where their chief rivalries lay. There was a Nine-Power agreement to respect the integrity of China and the principle of the Open Door, and a Five-Power treaty that prohibited the building of any new fortifications in the islands of the Pacific. Italy and France joined in the agreement to limit battleship strength; but these two nations were rivals in the Mediterranean where no security agreement was reached, and their rivalry made it impossible to reach an agreement on limitation of naval strength in cruisers and destroyers. The three leading Powers reached such an agreement at London in 1930, but France and Italy still refused to join, and Japan resented the inferior strength that was assigned to her. In 1934 she renounced the agreements, and a new naval race began.

NATIONALISM AND SELF-DETERMINATION

Events such as these served to highlight the basic dilemma of the post-war world. Two powerful currents worked in opposition to each other. On the one hand was the realization born of hard experience that no nation in the modern world was completely master of its own destiny, and that the need for security and stability could only be met through common action on the international plane. On the other hand there was the reluctance of individual nations to give up their unqualified right to decide

on their own course of action in any particular matter, or to make the sacrifices that were necessary to the welfare of the international community with which the welfare of each individual nation was so inescapably bound up.

Yet the nationalism which under these circumstances was so fatal an obstacle to the building of a workable collective system was at the same time an inevitable stage on the road toward that goal. The only sound basis for international organization was the free consent of independent states. If legitimate national aspirations could be satisfied, many of the causes of international friction might be abated or removed, and the practical motives for increasing co-operation might make themselves felt.

For the moment, however, self-determination as applied in the peace treaties presented only an imperfect answer. Among the Great Powers were nations who were not only aggrieved by their treatment, but whose ambitions could only be satisfied at the expense of other nations. Germany in particular was resentful of a treaty which left many Germans outside her borders, yet under Hitler she showed herself ready to pursue her own selfish interest with complete disregard for the right of other peoples. Even the smaller states, whose safety depended in the end on a stable world order, at times yielded to the temptation to put their own ambitions first. If Turkey accepted the loss of her non-Turkish provinces and settled down to a peaceful programme of national development, Poland in contrast showed expansionist desires that created friction with all her neighbours, while the revisionist tendencies of Hungary and Bulgaria helped to keep the Danube and Balkan areas in a chronic state of uneasiness.

The strength of nationalism was no less evident in the economic field. The progress of economic nationalism was not checked by the war and the new settlement that followed. The need to encourage the freest possible flow of world trade was made more urgent by the economic dislocation resulting from the war; yet the desire for strength and security led many states, including the newer ones, to aim at greater self-sufficiency, and to raise new tariff barriers that impeded the progress of recovery. The

depression led to still more strenuous efforts to protect the home markets of each country against competition by goods from abroad. There were various efforts to arrange a tariff truce, and the League in its attempts to promote wider economic co-operation summoned a World Economic Conference which met in London in 1933. None of these efforts had any substantial results, and the sharpening of economic problems at home and economic rivalries abroad increased the atmosphere of international tension and unrest that marked the post-war years.

Thus the progress of nationalism, while it eliminated some of the older problems that had created difficulties before 1914, raised a number of new problems in their stead. Yet nationalism was a force whose importance in the modern world was increasing rather than diminishing. The freeing of the subject peoples of Europe was only a beginning. Beyond this lay the dependent peoples of Asia and Africa among whom powerful impulses toward freedom were already stirring, and whose guidance in a peaceful transition to independence was one of the great tasks that was now being laid on the rulers of empires.

THE MANDATES SYSTEM

A notable step in this process was the creation of the mandates system under the League of Nations. For the first time the responsibility of colonial powers to both the subject peoples and the international community was formally recognized, even although at this stage its practical application had only a limited scope.

By the peace settlement Germany was obliged to give up all her colonies and Turkey surrendered the lands inhabited by the Arabs. These were areas in which Britain and France had direct interests and whose control they agreed to divide between them. In the western democratic countries, however, a strong sentiment against the old-fashioned type of imperialism had grown up, and direct annexation of the lands in question would have led to widespread criticism. On the other hand, the Powers concerned were against a system of international administration which they regarded as unworkable. A compromise was found in the mandates

system. Control of particular areas was given to individual states, including Japan as well as Britain and France and certain Dominions; but under Article XXII of the League Covenant they agreed that the well-being and development of the inhabitants formed a sacred trust, and accepted certain conditions with respect to freedom of religion and equal economic access by League members under the supervision of the League.

The system worked differently in different areas. The sparse population of the Pacific islands and the backward conditions of Southwest Africa made it unlikely that they would be able to govern themselves effectively in the foreseeable future. These were Class C mandates which the possessing Power could treat as virtual parts of its territory, subject to the safeguards laid down in the Covenant. Other territories in Africa, the Class B mandates, might ultimately develop politically but in the interim were administered by Britain or France. The Arab lands were in a different position. Here were politically conscious peoples with an ancient and highly developed culture, who with some aid during a transition period could be expected shortly to attain independence. These Class A mandates did in fact achieve their freedom during the following generation. Iraq's independence was recognized by Britain as early as 1927, and Syria and Lebanon and Palestine became independent after the second World War.

CHAPTER XI

DEMOCRACIES AND DICTATORSHIPS

The ardent desire for a new order of things that was felt by all peoples at the end of the war found expression in domestic as well as international affairs. The demand for social reforms that would bring an end to poverty and insecurity—a demand that was becoming increasingly urgent even before 1914—gained strength from the sacrifices that the common man had made during the struggle. The soldiers who returned from the front, the workers who had devoted their energies to war production, looked for a better way of life as a reward. Governments thus found themselves confronted with demands for new and costly social programmes and for enlarged activity by the state in economic and social affairs.

These added obligations created problems for all states, and not least for those with democratic systems of government. Democracy rested on the popular will, yet popular sentiment was seldom agreed on how fast and how far reform should go. On the one hand there were groups that clamoured for immediate and drastic changes; on the other were those who disliked state interference or who as possessors of wealth would have to bear a large part of the cost of social reform. Resistance by the latter was often strong enough to prevent or delay reforms for which there was a widely recognized need, and to make it seem that the workings of democracy were too slow and cumbersome to be adequate to the conditions of modern life.

This was one ground for the appeal of totalitarianism. Communism on the left, Fascism on the right, put forward their claims to be forms of political organization that could more effectively meet the needs of modern society. The freedom on which democracy rested was denounced as a delusion; the abandonment of liberty and the submission to an authoritarian regime were presented as the way to social justice. The struggle between democracy and totalitarianism, and the competition between the

rival forms that totalitarianism assumed, together formed one of the major themes of the period between the two World Wars.

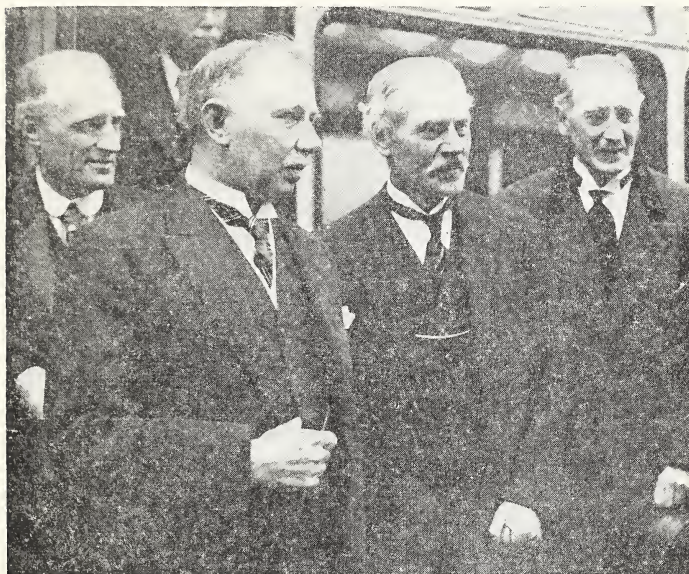
THE PROBLEMS OF BRITAIN

Britain emerged from the war with her economic prospects drastically changed. Her national debt had increased ten-fold since 1914; her foreign markets had been invaded by new competitors while her industries were concentrating on desperately needed war production; her foreign investments had declined, and her losses in shipping had reduced her income from the carrying trade. World demands were changing to her disadvantage. Cotton was being replaced by silk and rayon; coal was meeting competition from oil and hydro-electric power; iron and steel had to compete with newer industries in countries such as the United States. The basic items in export trade, so vital to Britain's prosperity, were thus running into trouble at a time when she needed an expanding foreign trade to meet the burdens resulting from the war.

The situation was tragically reflected in the rise of unemployment, particularly in the mining and textile areas; and this in turn placed an added load on the national finances. Unemployment insurance entitled a workman to benefits for only a limited period, but many workmen were still unemployed after their benefits ran out, and had to be supported by "transitional benefits" which were generally called "the dole". By 1931 these extra payments amounted to £1,000,000,000 a year, and there seemed to be no prospect of an end to this drain on the public purse.

In the face of these urgent problems the nation remained divided over the course it should pursue. The widening of the electorate by the Acts of 1918 and 1928, and the consequent establishment of universal suffrage, was accompanied by a rapid decline of the Liberal Party. Labour emerged as the party of radical reform, with a programme that advocated the nationalization of key enterprises such as railways and a capital levy to reduce the national debt. The Conservatives attracted those voters who feared an advance toward socialism or who hoped that

the national problems could be solved by more moderate and gradual changes. As leader of the Conservative Party, Stanley Baldwin became convinced that no remedy was possible so long as Britain clung to free trade. When however he appealed to



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RAMSAY MACDONALD FORMS THE SECOND LABOUR GOVERNMENT

Mr. MacDonald (second from right) and other Labour ministers on their way to see the King at Windsor prior to taking office, June 8, 1929.

the country in 1923 for a free hand to adopt a policy of protection, he suffered a setback that placed his party in a minority and brought about his defeat in Parliament in 1924.

The outcome was the formation of the first Labour Government under Ramsay MacDonald. But although Labour was in office, it depended for its majority on the votes of the Liberals who held the balance of power, and its policy was limited by that

fact. It undertook a programme of public housing and broadened the system of unemployment relief, but it was unable to carry out its socialist promises or to find alternative remedies. Before the end of 1924 it met with defeat, and a new election brought the Conservatives back into power. They were equally unable to solve the basic national problems, and the second Labour government that came to power in 1929 faced much the same limitations as the first, and could offer few striking accomplishments.

The political divisions were made more acute by the financial crisis of 1931. Proposals that a prospective government deficit should be met by cutting government salaries, and by reducing unemployment relief, were resisted by MacDonald's cabinet colleagues. He turned to his opponents and formed a coalition composed of his own followers in the Labour Party, a section of the Liberals and the bulk of the Conservatives. His action split the Labour Party and brought into power a National Government with a broader base than its predecessors. The new administration took steps to stabilize the national finances by a series of economy measures and by abandoning the gold standard, and followed this by adopting a protective tariff and extending the system of imperial preference by means of the Ottawa agreements of 1932. There was however little real progress towards the restoration of prosperity or the solving of the unemployment problem; and while these internal difficulties continued, the nation found itself involved in the growing international tensions that led to the Second World War.

THE TROUBLES OF FRANCE

On the continent of Europe, French democracy was beset by similar problems and torn by even worse divisions. The war had cost France nearly 3,000,000 men killed or disabled. Her debt had increased five-fold, her budget showed a chronic deficit, and a period of inflation that was marked by a drastic fall in the value of the franc brought ruin to thousands of people. In the north her most highly industrialized areas had been devastated by the war. France's population was still fifty per cent

rural and she was less dependent than Britain on foreign trade, but she faced a formidable task of reconstruction, and like all other leading countries she found her difficulties aggravated by the depression of the thirties.

The period in fact saw the rise of a social unrest that at times seemed to verge on revolution. Demands for social reform were accompanied by a growing resentment against the power of Big Business and its influence on public affairs. The great industrialists were allied with the Bank of France whose policy was controlled by the two hundred largest shareholders and whose control of credits enabled it to dictate to the government in times of financial crisis. The charge was made that France was dominated by "two hundred families" hostile to social reform and even to democracy. The depth of the divisions in French society were shown on the one hand by the growth of Communism, and on the other by the rise of Fascist societies supported by certain financial interests.

The chronic instability of French politics also contributed to such anti-democratic trends. Numerous party divisions made it hard for any ministry to rally a dependable majority or to stay in power long enough to carry out a constructive policy. With the advent of the depression and the growth of popular unrest, the lack of political coherence threatened to have serious consequences. The gravity of the situation was clearly shown by the riots of February 6, 1934, during which various Fascist groups attempted to attack the Chamber of Deputies. Alarmed by this evidence of danger from the forces of the right, a coalition of parties of the left formed the Popular Front in 1935 with the object of combating Fascism and introducing moderate reforms. In 1936 it won the elections and installed a ministry under the Socialist leader Léon Blum.

A number of reforms were at once introduced. Fascist leagues were dissolved, the board of the Bank of France was made more broadly representative, steps were taken toward the nationalization of the arms industry, public works were begun to relieve unemployment, and labour was further helped by measures extending the right of collective bargaining and introducing the forty-hour

week. But the moderates in the Popular Front became alarmed at the rapidity of the changes and the cost of the new social



Wide World Photo

THE PARIS RIOTS, FEBRUARY, 1934

programme, and with these achievements the progress of reform came to a halt, never to be resumed before the outbreak of war.

THE ISOLATION PARTY IN THE UNITED STATES

American entry into the First World War brought a brief realization of how closely the interests of the nation were tied to world issues. It stimulated the idealism that was expressed in Wilson's call for "a war to end war," and the sense of American responsibility for moral leadership that found expression in Wilson's Fourteen Points in which he outlined the framework for a peace settlement based on the principle of national self-determination. The idea of a League of Nations to assure universal peace seemed to be particularly in accord with American ideals, and Wilson

made its adoption his chief objective in the peace negotiations.

By the end of the war, however, a reaction had set in. American sentiment was becoming disillusioned with both international co-operation and domestic reform. The actual rejection of the League of Nations by the Senate was the work of a minority, and in the elections of 1920 the Republicans still professed to be in favour of an international organization in which the United States would take part. In fact, however, the defeat of the Democrats and the election of Warren G. Harding as President meant a return to isolation. The events of the post-war years created an impression that Europe was continually torn by feuds and rivalries, unwilling to disarm and refusing to pay its war debts. The consequence was a deepening hostility toward any American involvement in European affairs, and particularly in the League of Nations, and an insistence by Congress especially on an isolationist policy in foreign affairs.

The Monroe Doctrine of 1823 had asserted the desire of the United States to protect its sister republics from European interference. But it had claimed no rights for the United States over these new nations—rather it had asserted that “it is still the policy of the United States to leave the parties to themselves in the hope that other Powers will pursue the same course.” This policy was by no means strictly adhered to in the years that followed. None the less, until almost the close of the century it remained in theory the guiding principle of the American government. But by that time the new economic relations had resulted in a practical change which eventually brought an expression of new political relations as well.

The inauguration of a “good neighbour” policy toward Canada and Latin America met with relatively little opposition, since it was aimed at strengthening the solidarity of the western hemisphere, and was thus in line with both American traditions and with prevailing isolationist sentiment. President Roosevelt, with Cordell Hull as his Secretary of State, sought to substitute a policy of free and equal co-operation for the former American attitude of domination. Marines were withdrawn from Nicaragua. Treaty restrictions on Cuba were removed by a new agreement. Reciprocal

trade agreements were negotiated with the Latin American states and Canada. At three Pan-American conferences between 1933 and 1939 the United States sought arrangements that would provide for peaceful settlements of disputes and common resistance to outside aggression. While no specific defence agreements were concluded, machinery was devised for arbitration, and the principle of solidarity against outside attack was affirmed. With Canada too the bonds were strengthened when Roosevelt's visit in 1938 led to a public exchange of pledges of mutual support in case of attack on either country.

In the broader field of world politics, however, the Administration was consistently balked by isolationist sentiment in Congress. Beginning with President Coolidge there was a growing tendency to co-operate in the practical work of the League of Nations, especially in such matters as disarmament and humanitarian activities, and in 1935 the United States became a member of the International Labour Organization. But public dislike and distrust of the League remained too strong for American membership to be contemplated, and even the proposed membership in the World Court was rejected by the Senate in 1935. The strength of isolation was shown when Japan invaded Manchuria in 1931. Americans generally might dislike Japanese expansion but they disliked still more the prospect of becoming involved in difficulties abroad. Thus while Secretary of State Stimson urged the League to act vigorously, he could do no more than promise moral support from the United States and assert that America would refuse to recognize any conquests that were carried out in violation of existing treaties.

With the rising threat of aggression from the totalitarian states, a major split developed between President and Congress. Roosevelt wanted to throw the whole weight of the nation into the task of preserving peace by opposing the aggressors. Congress was chiefly concerned to keep the nation out of war by avoiding taking sides in any quarrel, no matter what the issues. These differences came to a head over the neutrality legislation in 1935. Congress refused to allow the President to impose an embargo on the shipment of war materials to an aggressor while con-

tinuing to aid the victim of aggression. Instead the Neutrality Act forbade the shipment of arms and even the granting of loans to any belligerent, the victim as well as the guilty. The consequence was to deprive the President of the chief diplomatic means of bringing pressure on Hitler and Mussolini, and to render ineffective the protests and warnings by which he tried to dissuade the Axis partners from the course that led to the Second World War.

The outbreak of the war in Europe sharpened the controversy in America. The bulk of the American people wanted to see Hitler beaten without having to get into the fight themselves. Roosevelt, who was convinced that the triumph of the aggressors would be a moral threat to the interests of the United States, tried to reconcile these popular desires by a policy of "all measures short of war" which would give maximum aid to the Allies without involving the United States in hostilities. He secured a modification of the Neutrality Act that allowed Britain and France to buy war supplies on a "cash and carry" basis, and he set on foot a policy of preparedness that resulted in the expansion of American war industries and the introduction of compulsory military training.

The fall of France in June 1940 brought with it a new sense of urgency. Only Britain and the Commonwealth now stood between Hitler and complete victory, and the United States awoke to a sudden realization of the perils that would confront her if Britain should collapse. Roosevelt, challenging a political tradition as old as the republic by standing for a third presidential term, found his hands strengthened by his victory in November 1940. Even before that he had released stocks of arms to replace the equipment lost by Britain at Dunkirk, and had transferred fifty over-age destroyers to the hard-pressed British navy in return for the lease to the United States of bases in Newfoundland and the West Indies. Now he called on the nation to become the arsenal of democracy. In March 1941 the brilliant device of Lend-Lease made it possible to transfer supplies and weapons without insisting on cash payments. The need to assure the safe arrival of vital equipment in the face of intense German

submarine activity led to the establishment of American garrisons in Greenland and Iceland and to the participation of American warships in Atlantic convoy operations. And when Roosevelt met with Churchill in August 1941 to draw up the Atlantic Charter



Toronto Star Newspaper Service

AMERICAN DESTROYERS FOR THE COMMONWEALTH NAVIES

Six of the fifty over-age American destroyers were manned by the Royal Canadian Navy. Canadian petty officers and ratings are here seen going aboard.

with its declaration of common post-war aims, it was clear that this implied the sense of a common cause in securing the defeat of the Axis.

FASCISM IN ITALY

In many countries there were substantial elements in the population that were dissatisfied with democracy as a political system yet reluctant to adopt Communism as an alternative. These groups wanted more extensive reforms than democracy seemed able to provide, but were not prepared to see private ownership of property completely abolished. It was to such groups that

Fascism made its appeal. The masses were promised reforms that would improve economic conditions; business interests were promised stronger protection than democracy seemed to offer against Communism; and an especially strong appeal was made to the sentiment of nationalism on the ground that an authoritarian regime would have the strength to satisfy nationalist aspirations and to bring power as well as prosperity to the nation over which it ruled.

These were the factors that led to the rise of Fascism in Italy. After the war, an economic crisis marked by inflation and unemployment and high food prices created widespread unrest. A series of weak and unstable governments could neither carry out adequate reforms nor suppress the growing popular disorders. Agricultural and factory workers, facing unemployment and starvation, began to take matters into their own hands by seizing the factories and breaking up the large estates. Italy seemed to be on the verge of a Communist revolution, and the alarmed opponents of Communism adopted direct action in their turn and sought to suppress their adversaries by violence; and as their activity spread, it was also turned against the government whose weakness seemed to call for its replacement by a stronger authority.

This was the foundation for the Fascist movement that had its leader in Benito Mussolini. A former Socialist, he was prepared to advocate radical reforms in the interests of the masses, while rallying behind the propertied and professional groups who were less afraid of the Fascist programme than of a revived Communist threat. At the same time he appealed to the national pride of an Italy that felt itself neglected and ill-treated after its contribution to the Allied victory. His demands for a strong foreign policy and a revival of Italy's military prowess evoked an emotional response from people who were ready to believe that Fascism would raise Italy to the greatness she deserved.

In the national elections of 1921 the Fascists were able to capture only 35 seats, but the party situation was so chaotic that even this handful could virtually decide the fate of any ministry. Meanwhile the impotence of the government allowed violence to go unchecked and the Fascist gangs to win control



BENITO MUSSOLINI

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of the streets. By October 1922 they felt strong enough to demand control of the nation. The Fascist militia moved on the capital in the so-called "march on Rome"; the government resigned; the king refused to proclaim martial law, and on October 30 he appointed Mussolini Prime Minister.

This was a revolution that meant the doom of parliamentary

government and the subjection of Italy to totalitarianism. The process was gradual, but the election of an all-Fascist parliament under a new electoral law in 1929 made it practically complete. The party was in unchallenged control. All other parties were forbidden; trade unions were dissolved and replaced by new Fascist organizations; elected local governments were abolished, and freedom of speech and of the press disappeared. Parliament itself was suppressed in 1938. All activities of Italians were to be subject to the will of the state and to conform to the dictates of Fascism. Economic activities were organized on the basis of national productive groups, called syndicates, under Fascist domination; economic policies were to be formulated by similar groups called corporations, in which both workers and employers were represented. The "corporate state" was never as complete and all-embracing an organization as its authors intended it to be, but it was still comprehensive enough to eliminate all organized opposition to the totalitarian dictatorship of which Mussolini, the leader or "Duce", was the head.

NAZISM IN GERMANY

In Germany also the forces of economic distress and nationalist resentment were the foundations for the Nazi party which was the counterpart of Italian Fascism. The revolution at the end of the war brought about the overthrow of the monarchy and the establishment of the Weimar Republic with a democratic constitution; but internal difficulties and external pressures prevented democracy from striking solid roots, and eventually brought about its downfall.

There were first of all the consequences of defeat—the loss of lands and resources, the dislocation of economic life, the burden of reparations that contributed to the ruinous inflation of the early post-war years. Then there were the divisions that split the nation itself. There were groups that did not accept the republic and that awaited a chance to overthrow it. The Communist movement, though it failed in its attempt to stage a rising immediately after the war, still aimed at a revolution on the Bolshevik model. The monarchists hoped for a restoration

of the Empire. The old Junker class remained in control of the army and encouraged the formation of private militarist organizations which the government felt itself too weak to suppress. Within parliament were numerous political parties whose multiplicity prevented the adoption of coherent programmes to meet the problems that confronted the country. When the depression of the thirties brought increasing unemployment and rising unrest, the desire for strong leaders and effective remedies gave the Nazis their chance.

Italy had its Duce; Germany had its Fuehrer—the leader of the new totalitarianism in each nation. In Germany it was Adolf Hitler—a frustrated and embittered artist from Austria who had become interested in politics in Vienna and had served in the ranks of the German army during the war. In post-war Berlin, moody and rebellious, he joined an obscure and eccentric body called the German Workers' Party. His oratorical talents and his aggressive personality soon made him the leading figure. He added the words National Socialist to the party name, acquired funds and newspapers, decked out his "storm troopers" in brown shirts (the Fascists had made the black shirts their emblem) and within ten years had transformed the party from a handful of fanatics to the chief threat to the republic.

Like the Fascists, the Nazis appealed to the masses who wanted reform, the business interests who feared Communism, and the nationalist sentiments of the German people as a whole. Like the Fascists also, they took advantage of the weakness of the government to send armed bands into the streets to battle with their opponents. Their attacks were directed not only against the Communists, but also against the Jews. Hitler and the Nazis exalted the superiority of the German race, and accused the Jews in particular of being corruptors of German racial and cultural purity; and they found it useful as well to accuse the Jews, with their international outlook and financial strength, of being responsible for Germany's economic ills. On the nationalist aspect also they attacked the Treaty of Versailles, developed the legend that the German army was never beaten in the field



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ADOLF HITLER

but was a victim of the "stab in the back" by Marxists and Jews at home, and exalted the warlike qualities of the German people which would enable them to conquer the living space that was needed for German expansion. Their domestic programme, which called for social reforms and the nationalization of trusts and large enterprises, appealed to the masses, including the small businessmen who blamed the competition of Big Business for many of their difficulties. The upper classes and the large business

interests at first despised Hitler as an upstart; but as economic distress increased and the threat of Communism grew, they began to feel that the Nazis offered a useful instrument for the defence of their interests. The backing of the large industrialists, and the political chaos that beset the republic after 1930, paved the way for the success of Hitler, whose party had become the strongest single group in the Reichstag. On January 30, 1933, he was appointed Chancellor and the Nazis were at last in power.

They immediately brushed aside the parliamentary system and embarked on a totalitarian programme. Though the Reichstag was kept in being, all other parties were abolished and Parliament became a purely Nazi body. Trade unions were suppressed; the end to freedom of thought was symbolized by the burning of the books of Jewish and liberal authors in March 1933; Jews as well as liberals and socialists were murdered or thrown into concentration camps; a campaign was waged against the churches in an effort to subject them to Nazi domination. No such formal structure as the corporative state in Italy was created, for Hitler wanted no official bodies that might aspire to an independent existence. The state and the party became identical without any formal constitutional provision to that effect; and as leader of the party, Hitler's will was supreme. When the radicals within the party began to press for the reforms that had been promised, they were ruthlessly liquidated in the blood purge of June 30, 1934. A month later the death of Hindenburg allowed Hitler to combine the offices of President and Chancellor, and from then on he was the unchallenged dictator of Germany.

The rise of Fascism, and of its Nazi equivalent in Germany, introduced a new political creed whose appeal was widespread. Few nations became so completely totalitarian as Italy and Germany, but in Hungary and the Balkans, in Japan and Spain, various aspects of Fascist doctrine and organization were taken over and adapted to national conditions. In all cases the basic elements were the same—the appeal to extreme nationalism and militarism, the promise to the masses of social reform, and

not least, a hostility not only to democracy but still more to Communism. Its claim to be the only reliable defence against Communism was, in fact, one of the basic elements in Fascism's popular appeal, and that revealed the extent to which the Communist threat had become a dominant factor in the modern political scene.

SOVIET COMMUNISM

The revolution that brought the Bolsheviks to power in Russia was precipitated by the First World War. The despotism of the Tsar was both tyrannical and inefficient. There was chronic discontent, accompanied by periodic outbreaks, even in peacetime. The war imposed new strains with which the government was unable to cope. Inefficiency in the conduct of the war, defeats and appalling losses at the front, food shortages and high prices at home, combined to create a revolutionary situation. In March, 1917, a workers' demonstration in Petrograd (now Leningrad) turned into a revolution that brought the fall of the monarchy.

The first government was composed of moderate liberals and rested on the support of the parliament or Duma. The real power however lay with the popular councils called soviets, composed of deputies chosen by the soldiers and workers and peasants, that sprang up spontaneously during the revolution. The result was a lack of effective authority and an inability as well as an unwillingness on the part of the government to satisfy the demands of the Russian masses. The peasants clamoured for land and began to seize and partition the large estates; the workers took over many of the factories; the army wanted an end to the war. "Peace, land and bread" became the popular slogan, and of all the Russian parties, only the Bolsheviks were prepared to support it.

Even the Bolsheviks were not at once ready to seize their chance. They were in a minority in the key soviets and uncertain as to what their course should be. The leadership they needed was provided by Nikolai Lenin. A member of the provincial gentry whose real name was Vladimir Ulyanov, he had spent a term of exile in Siberia for his revolutionary activities and

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NIKOLAI LENIN

later fled abroad. After the outbreak of the revolution the Germans, ready to add to the confusion within Russia, helped him to return to that country from Switzerland, and he arrived in Petrograd in April 1917.

Lenin at once took charge of Bolshevik policy, insisted that the provisional government be repudiated, and demanded that all

power be taken over by the soviets. At this stage the party was not strong enough to achieve his aims, but by November it had gained a majority in the Petrograd soviet and secured control of the garrison. A military uprising overthrew the government of Alexander Kerensky; local soviets seized power throughout the country; a Congress of Soviets assumed supreme authority, and by the end of November the Bolsheviks were in control. They had to face civil war within Russia as well as the German invasion, but by submitting to the harsh peace of Brest-Litovsk with Germany they freed their hands to deal with the internal dangers, and by 1920 they had crushed the counter-revolution and could turn to the work of reconstruction.

The task was as formidable as it was urgent. The more ardent Communists had believed that once the revolution was achieved in Russia it would spread at once to other countries and so bring to pass the world revolution that was their goal. It was soon evident that nothing of the sort was going to happen. The rest of Europe remained hostile to Communism—indeed, Allied troops had helped its opponents during the period of civil war, and it was clear that the Powers would welcome the overthrow of the Bolshevik government. They might even launch a new attack if the opportunity presented itself. Russia, weak and disorganized, could not face such a prospect. She desperately needed a breathing space to consolidate her strength at home before having to meet dangers from abroad.

More than that, she needed economic help from outside in order to deal with her internal problems. The war and the internal struggle had left the whole economy in ruins. It was hard to find the necessary resources to rebuild the productive system. The peasants in particular presented serious difficulties. They had secured the land for themselves and they had no desire to see it socialized. They had little incentive to bring their crops to market when the government was unable to provide the manufactured goods they needed in return. When the government tried forcible seizures in order to get food for the workers and the army, the peasants hoarded or destroyed their crops and

cattle, and their actions contributed to the terrible famine that swept Russia in 1921.

Clearly the immediate creation of a completely Communist state was impossible under these conditions. Recognizing this, Lenin decided on a partial retreat. His New Economic Policy, while retaining state ownership of transport and heavy industry and finance, encouraged private enterprise in other fields, including enterprise by foreign investors. The peasant retained ownership of his land, and was free to sell his produce after a certain amount had been paid in taxes. Under this system, and with the help of foreign loans and trade treaties, the first advance was made toward the restoration of the nation's economy.

With Lenin's death in 1924 a controversy arose over future policy. One group in the party, led by Leon Trotsky, believed that Russia could never achieve full Communism so long as it faced a hostile world, and that world revolution must be the goal to which Bolshevik energies were chiefly directed. Against them, Josef Stalin became the advocate of "socialism in a single state". He felt that for the moment capitalism was too strong to be overthrown, and that Russia must concentrate on the task of developing her own strength and prosperity while awaiting the opportunity for a further Communist advance. In the ensuing struggle, Stalin triumphed over his rivals, expelled Trotsky and his followers from the party, and gradually undertook the elimination of all his opponents.

Russia now embarked on a gigantic effort to increase her basic strength, even at the expense of the standard of living of her people. In October 1928 the first of a series of Five Year Plans was inaugurated, designed to increase production in both industry and agriculture and at the same time to expand Russia's resources in transportation and heavy industry. The sacrifices that these plans entailed provoked considerable resistance, particularly on the part of the peasants who resented being forced into collective farms, and they brought little or no improvement in the lot of the average citizen, but they did increase Russia's resources in such basic matters as the production of steel and hydro-electric power, and they resulted in the creation

of new industrial and mining areas, particularly in the Urals and Siberia.

These results were achieved at the price of a totalitarian dictatorship to which all personal freedom was subordinate. The constitution of 1936 created an appearance of representative government, but in fact the whole of Russian life was dominated by the Communist party, of which Stalin was the leader and the embodiment. No open opposition was permitted. Periodic purges of even the top ranks of Communist leaders gave grim testimony to the power of the dictator. Under the secret police, arbitrary arrests and arbitrary executions, or elaborately staged trials featured by the confessions extorted from the accused, marked the Soviet system of justice. Radio and press were strictly controlled, and even art and literature and science were forced to conform to whatever at the moment might be the party line.

This type of rigid discipline did not stop at Russia's borders. There was founded a Third (Communist) International Trade Union Organization, usually referred to as the Comintern, with headquarters in Moscow. Although officially its purpose was economic, nevertheless it was believed that Russia was using it to provide a permanent centre for Communist parties in all lands and to co-ordinate their efforts toward world revolution. Although the Soviet government always denied that it had any control over the Comintern, that body was in fact made more and more the tool of Russian Communist policy. Communists in other lands were to be made agents for spreading Russian propaganda and for weakening any tendency on the part of capitalist countries to adopt policies hostile to the Soviet Union. By 1928 the Comintern was laying it down that since Russia was the socialist fatherland, all Communists must look to that country for leadership and defend it against the attacks of capitalist Powers. Thus to the dangers presented by communist ideology in other countries—dangers that were particularly real when Communists were able to become the champions of the victims of genuine social injustice such as existed during the depression—there was added the support of a Russian regime that was attaining stability and power, and

that was able to use the world Communist movement as an instrument of Russian national policy against the nations of the west.

CHAPTER XII

THROUGH AGGRESSION TO A SECOND WORLD WAR

The decade after 1930 saw the breakdown of the effort at a collective peace system and the return to naked power politics. The deepening economic chaos, the failure to achieve disarmament, the inability of the League to prevent or punish aggression, all contributed to the collapse of the settlement of 1919. Behind these factors lay the restiveness of nations that were discontented with their share of the earth's territory and resources and resolved to change the existing settlement to their own national advantage. Out of this grew a spirit of militarist adventure that found expression in armed aggression and that led ultimately to a new World War.

It was inevitable that a Germany that was ready to accept Hitler as its leader should be in the forefront of the aggressors. Resentment against the Treaty of Versailles and a desire to regain a leading position in Europe had helped the Nazis to power and would find brutal expression in their subsequent policy. It might equally have been expected that Russia would seek revision of the settlement, for in a real sense she too was a defeated state with a desire to recover her former territory and increase her existing power; but while the Soviet Union had no objection to using force where this was profitable, it was for the present more concerned with building up its internal strength, and the need for peace and security was greater than the temptation to embark on a career of armed expansion. Hitler's chief accomplices were in fact to be found in the ranks of the nominal victors of the First World War, in states such as Italy and Japan whose full ambitions had not been realized by the peace settlement, and whose internal needs impelled them to seek further expansion by military force.

It was no accident that the authors of aggression were the Fascist states. The democracies shrank from the use of force to secure new gains, or even to defend their own general interests.

They clearly realized that war could bring no gains that would be worth the terrible cost, and popular sentiment showed a strong moral repugnance to war as an institution. Fascism was not deterred by any such considerations; indeed, its whole tendency was to glorify warlike activities. Mussolini asserted that eternal peace was foreign to Italy; Hitler proclaimed that "in eternal warfare mankind has become great—in eternal peace mankind would be ruined." Moreover, they demanded for their nations increased territory and resources that could only be won by force at the expense of other nations. By its very nature, Fascism from the beginning meant war.

They were emboldened by events that seemed to prove that merely the threat of force would be enough to gain their ends, without the risk of a major war. Only a firm opposition by other Great Powers could stop nations like Germany and Italy once they felt confident in their military strength. The democratic Great Powers, seeking desperately to avoid the catastrophe of a world conflict and to satisfy the aggressor states by peaceful compromise, emboldened the latter to believe that the democracies were too decadent to fight. The initiative thus lay with the Powers that were prepared to use force if necessary, and they used it to extort one concession after another from the peace-loving states. From 1931 on, aggression was on the march, and with increasing boldness as it seemed that the democracies would neither individually nor collectively resist the process of conquest by force.

AGGRESSION BY JAPAN

The first major challenge to the League was Japan's attack on Manchuria. Japan had special rights in this province of China, including the ownership of the chief railways and the right to maintain troops in the railway zone for police purposes. There were complaints that China was interfering with these rights, and the blowing up of some tracks near Mukden (possibly by the Japanese themselves) was the signal for action. In July 1931 Japanese troops occupied the principal cities and gradually extended their control over the whole of Manchuria.

This was an aggression which China had not the strength to

resist. Her only hope was in outside aid, and she appealed to the League to uphold the Covenant against Japan. It was the first major test of the League's effectiveness, and it came before Hitler had arrived in power and while Germany was still a member. In addition, the United States was anxious to see Japan checked, and Russia had no reason to oppose effective action to that end. But the League could only act if the Great Powers were prepared to carry out its decisions, and it was soon clear that no Power was prepared to risk an armed clash with Japan.

As a result, the League was deprived of the power of effective action. It called on Japan to withdraw her troops, and sent the Lytton Commission to investigate the situation. The Lytton Report condemned Japanese aggression, and the verdict was endorsed by the League Assembly; but no concrete steps were taken to aid China, and Japan showed her resentment and defiance by withdrawing from the League in 1933. Her forces methodically overran Manchuria and extended their control into north China. By 1937, Chinese national resistance had turned these localized operations into a full-scale war, but Japan continued her efforts at conquest, and with all the less risk of interference because of the deepening crisis in Europe.

AGGRESSION BY ITALY

The successful defiance of the League by Japan encouraged Italy in her turn to seek expansion by force. Mussolini was fond of recalling to Italians the glories of the Roman Empire whose sway had extended over the Mediterranean and North Africa, and of asserting Italy's right to colonies as an outlet for her growing population. He was not however prepared openly to challenge France's possession of Tunis, though it had a special strategic interest for Italy and contained a substantial Italian population. Indeed, the mutual alarm of France and Italy at the rise of Hitler led them to make an agreement in 1935 in which, besides pledging themselves to common action in defence of Austrian independence, they agreed on a modification of the special privileges that Italians had hitherto enjoyed in Tunisia. But this was accompanied by an understanding that Italy would

have a free hand in Ethiopia, and it was on this last independent kingdom in Africa that Mussolini had fixed covetous eyes.

A border clash between Ethiopian and Italian troops in December 1934 gave him an excuse for action, and it was soon evident from his truculent attitude and his military preparations that he was bent on war. Faced with this threat from a Great Power, Ethiopia appealed to the League for protection. Again the democratic Powers refused to give the necessary support. France was unwilling to jeopardize her new-found friendship with Italy, and Britain was chiefly anxious to find a compromise that would prevent a breach between Italy and the League. When however these efforts failed and Italy invaded Ethiopia in October 1935, the League did attempt to take action. Italy was declared an aggressor, and economic sanctions were imposed against her in accordance with Article XVI.

This decision meant an embargo on arms and loans to Italy and the severing of the bulk of her trade with practically all League members. A number of important products were however omitted from the list of prohibited articles, and among these oil was particularly vital. By December 1935 there was strong pressure to have oil added to the list of sanctions. This would seriously hamper Italy's military activities, and it was feared that in her resentment she would strike back at Britain and France. To avert this, the foreign ministers of those two countries agreed on a proposal that would have handed over a large part of Ethiopia to Italy and given her economic control over most of the remainder. There was an outburst of indignation, particularly in Britain, that killed this Hoare-Laval scheme at birth; but the proposed oil sanctions had meanwhile been postponed, and no new effort was made to save Ethiopia. Italy completed her conquest of that country in May 1936. In July sanctions were dropped, and it was made tragically clear how powerless the League was to stop an aggressor.

THE ADVANCE OF GERMANY

Hitler in his turn used these events to his own advantage. He had already avowed his aggressive aims in his book *Mein*

Kampf, in which he demanded enough living space to allow the German race to expand to a population of 250,000,000 within a century, and advocated the armed seizure of lands to the east at the expense of Russia and the border states. So long as Germany remained disarmed and the Allies were united in upholding the Treaty of Versailles, these expansionist aims had little hope of success. But with the decline of the League and the evident reluctance of the democracies to risk a conflict, and still more with the split between the democracies and Italy over Ethiopia, a new situation emerged of which Hitler was prompt to take advantage.

In October 1933 he had shown his intention of going his own defiant way by announcing Germany's withdrawal from both the disarmament conference and the League of Nations. By March 1935, with the Ethiopian crisis already distracting the victors of Versailles, he felt strong enough to throw off the restrictions of the peace treaty and to announce German rearmament, including the restoration of conscription and the creation of an army of some 550,000 men. The Allies protested against this treaty violation but took no action to reverse it. Hitler had successfully taken his first essential step—the regaining of the armed strength that was necessary before Germany could embark on a career of conquest.

A year later came an equally decisive act—the reoccupation of the Rhineland. Hitler's growing aggressiveness had alarmed France and Russia and drawn them together in spite of their ideological differences. In 1934 Russia joined the League of Nations, and in the following year she entered into a treaty of mutual assistance with France and a similar treaty with Czechoslovakia. Hitler, who had counted on Russia being left isolated and at his mercy because of the hostility of the western Powers to Communism, now faced the prospect that an attempt at German expansion in the east would bring a French attack in the west. The demilitarization of the Rhineland under the Treaty of Versailles left Germany's western frontier defenceless, and the gap must be closed if Germany was to be free to pursue her territorial ambitions. The continuing crisis over Ethiopia gave Hitler his opportunity.

On the pretext that the Franco-Russian alliance was a breach of the Treaty of Locarno, Hitler marched his troops into the Rhineland in March 1936.

This was a critical gamble. The demilitarized Rhineland had been guaranteed by Locarno, and Britain and Italy had agreed to come to the aid of France in just this kind of situation. Even if they failed to act, France was still strong enough to deal with Germany alone. Here was a chance to stop Hitler after his aggressive tendencies had been clearly shown and before Nazi Germany was strong enough to be a military threat to a united Europe. The chance was thrown away. Italy welcomed Hitler's diversion; Britain, concerned with the situation in the Mediterranean, refused to risk war on the Rhine; France decided not to risk action alone. Hitler had triumphed in the boldest step he had yet taken.

The result was a complete change in the European balance. It was now clear to both Italy and Germany how useful they could be to each other. They drew together in an agreement on mutual diplomatic support which was the foundation of the Rome-Berlin Axis, although a military alliance was not signed until 1939. Japan became associated when she signed an Anti-Comintern Pact with Germany in 1936 and with Italy in 1937, in which the parties promised to support each other in fighting the spread of Communism. A new and clearly aggressive combination now faced both Russia and the democracies.

SPAIN AND AUSTRIA

The outbreak of the Spanish revolt in 1936 offered Italy and Germany a new opportunity for still closer co-operation in their common aims. Both Powers saw in Franco a useful instrument for strengthening their own position and weakening that of the democracies. Britain and France were chiefly concerned to prevent the Spanish war from developing into a European conflict, and proposed that all the Powers refrain from intervention in Spanish affairs. A nominal agreement was reached to which Russia as well as Italy and Germany subscribed, and a non-intervention committee was set up in London to supervise its operation. It was soon evident that Germany and Italy were using it as



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LOW ON JAPAN

"The 'Open Door' policy in China."



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LOW ON SPAIN

"Honest, mister, there's nobody here but us Spaniards."

a cloak for a mounting flow of arms and troops, while a certain amount of aid was given by Russia on the other side. The democracies winked at these violations rather than risk war by trying to stop them, and the consequence was the victory of Franco with the aid of Fascist arms.

The Spanish struggle, following the conquest of Ethiopia, concentrated Italian interest on the Mediterranean region; the usefulness of collaboration with Hitler, and Germany's readiness to leave the Mediterranean to Italy, lessened Italy's interest in keeping Germany within bounds in Europe. The result was to clear the way for Hitler's invasion of Austria and the first major breach in the territorial settlement of Versailles.

In 1934 there had been an attempt at a Nazi uprising in Vienna with German support. The plot miscarried, and Mussolini showed his desire to protect Austrian independence by rushing troops to the Brenner frontier. He followed this by entering into agreements with France and Britain for the maintenance of Austria, and on several occasions the three Powers repeated their pledges to uphold Austrian freedom. It looked for a time as though this issue would bring Italy and the democracies together in a common front against German expansion.

By 1938 all this had changed. Mussolini, profiting from Hitler's support elsewhere, was ready to pay for it by letting him have Austria; and without the support of Italy, neither Britain nor France was ready to fight for Austrian freedom. Already in 1936 Austria had felt compelled to agree to co-operate with Germany; and although Hitler had in return promised to respect her independence, the absorption of Austria was in fact one of his set purposes and one of the basic aims proclaimed in *Mein Kampf*. The time was now ripe for its realization. Chancellor Schuschnigg was summoned to Berchtesgaden in February and bullied into making concessions to the Nazi party in Austria. He soon realized that this was meant to lead to the overthrow of Austrian independence, and he tried to rally support at home by calling for a plebiscite on the question of maintaining Austria's freedom. Hitler's wrath exploded at this gesture of defiance. An ultimatum forced Schuschnigg to resign on March 11. A Nazi

government was formed which at once invited Hitler to send troops to maintain order. Even before the invitation was received, German troops were on the move; and on March 13 Austria was annexed to Germany.

MUNICH

The democracies accepted this stroke with resignation. They were eager to believe that Hitler would now be satisfied, and particularly to accept Germany's assurances that she had no designs on Czechoslovakia. But in fact the Czech state was already marked down as the next victim. It was an ally of both France and Russia and therefore a potential enemy of Germany. It contained over 3 million Germans in the western district of the Sudetenland, and Hitler was determined to include them within Germany. Finally, Czechoslovakia was a strategic and military bulwark which must be destroyed to clear the way for further German expansion to the east.

By the summer of 1938 a new international crisis was rapidly approaching. The Sudeten Germans were agitating for an autonomy almost amounting to independence, and they were backed by a violent press campaign in Germany. Early in August the British sent Lord Runciman to Prague as "investigator and mediator." He persuaded the Czech government to agree to extensive concessions, but each fresh offer was met by new demands from the Sudeten leader, Konrad Henlein. In September the problem entered a new stage. In a speech at the Nazi party rally at Nuremberg, Hitler took up the cause of the Sudetens and promised German support to their demands. Riots broke out in the Sudetenland. They were put down by the police, but Henlein fled to Germany after demanding that the Sudetenland be annexed to the Reich. All signs pointed to a German attack on Czechoslovakia in the very near future.

Europe now hung on the verge of war. Hitler was clearly determined on action, and only a spark was needed to set off an explosion. In a dramatic last-minute effort to avert catastrophe, Prime Minister Chamberlain decided on a direct personal appeal to Hitler. On September 15 he flew to Berchtesgaden, and in a conference

with Hitler he agreed to sacrifice Czechoslovakia as the price of avoiding war.

This was a hard and humiliating concession. It meant that France must virtually repudiate her alliance with the Czechs and join with Britain in forcing them to surrender a large part of their territory. By concerted pressure the two Powers wrung from the Czechs their consent to cede all districts in which there was a German majority, on condition that what was left of their country should be protected by an international guarantee. On September



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LOW ON CZECHOSLOVAKIA

"Excuse me, but did you hear a piercing scream?"

22 Chamberlain met Hitler at Godesberg to deliver the results and arrange final details.

He found that even this was not enough. Hitler had raised his terms, and insisted on more territory and immediate occupation. Chamberlain was outraged by such tactics. He broke off negotiations, and once again the world faced the danger of imminent war. Britain and France took a firm stand. The Czechs prepared to fight for their liberty. Hitler in a furious speech set the deadline for action at October 1. Britain and France began mobilizing, and Chamberlain in a broadcast announced his determination to resist any attempt to dominate the world by force.

On September 28, when the tension had become almost unbearable, it was broken by the intervention of Mussolini. He persuaded

Hitler to postpone action and to meet once more with the British and French leaders. The conference took place next day at Munich while an anxious world hung breathless on the outcome. The news that it was peace brought a great wave of relief, but with it a sense of shame at the price that had been paid. Hitler was given everything he asked on condition that he take it in stages instead of at a single grasp. The Czechs were also obliged to cede territory to Poland and Hungary. They lost their frontier fortifications and their chief mining and industrial centres, and were reduced to a small disrupted nation lying at Germany's mercy.

On this as on so many previous occasions, Hitler announced that he had no further demands to make in Europe. The aftermath showed how hollow was Chamberlain's reliance on such a promise and his faith that Munich meant "peace in our time." All major countries in Europe were now rearming more feverishly than ever. Efforts to detach Italy from Germany by a policy of appeasement only increased Italy's clamour for French surrender of Tunis and Nice and Savoy. The final blow to the hope that aggression had been halted came when Hitler threw over his promises made at Munich, and occupied the whole of Czechoslovakia in March 1939.

THE COMING OF WAR

The full significance of this was shown when Hitler at once launched a series of demands against Poland. These included the return of Danzig to Germany, and cession of territory for a motor road across the Polish Corridor. Polish counter-proposals were treated as a rejection. On April 28 Hitler denounced the German-Polish non-aggression treaty of 1934 and embarked on a campaign of abuse against Poland similar to that which had preceded the destruction of Czechoslovakia.

The democracies now realized that they must present a firm front to any new aggression if they were to prevent German domination of Europe. On March 31, Britain took the unprecedented step of promising aid to Poland if she were attacked. France and Poland were already allies, and France and Britain drew closer with plans for military co-operation. A solid front was in the making against the Axis, but its completion called for the inclusion of Russia as the

only Power who could bring direct aid to Poland in case of attack.

This vital agreement proved impossible to reach. Russia had a direct interest in checking German expansion which was openly aimed at her territory, but she resented her exclusion from previous negotiations including the Munich settlement, and she suspected the democracies of trying to embroil her with Germany in order to distract Hitler from the West. The democracies on their part disliked the idea of collaboration with the Bolsheviks and resisted Russia's demand for the right to intervene in the Baltic States in case of a German threat to that border area. Negotiations dragged on through the summer of 1939, and by August they had reached a deadlock. Meanwhile, Russia and Germany began to draw together. Distrustful though they were of each other, each had a motive for seeking an agreement. Hitler wanted to be free to deal with the democracies; Russia wanted to escape the immediate threat of being involved in a major war. With a common interest in avoiding or at least postponing a clash, the two countries signed a non-aggression pact on August 23.

This was a shattering blow to the hope for a peace front and a virtual signal for war. Hitler now pressed his demands on Poland with reckless disregard of the consequences. No efforts on the part of the democracies could persuade him to take a reasonable attitude, in spite of their warnings that they would fight if Poland was attacked. At dawn on September 1 the Germans launched their invasion of Poland; and when desperate last-minute efforts failed to persuade Hitler to call a halt, Britain and France declared war on September 3.

THE SECOND WORLD WAR

The new conflict marked the advent of total war as it had been foreshadowed by the earlier world struggle. It was not merely that its effect was felt in every quarter of the globe and that it was truly universal in its scope. Beyond that, the more massive nature of the effort and the far greater amount of technical equipment that was involved meant that the whole of the economic effort of the belligerents had to be geared to the need for

maximum war production. The civilians whose activities were thus essential to the successful waging of the war became the targets of attacks that reached behind the battlefield to strike at the mass of the people, and all the more so since Germany was restrained by no moral or humanitarian scruples in her effort to crush her enemies. The terror bombing of cities and the machine-gunning of refugees on the roads were measures that carried active war against the civilian population in a deliberate effort to create confusion and disrupt morale. Unrestricted submarine warfare against shipping, which had been so reprobated in the First World War, was now recognized as an inevitable feature of the struggle at sea. The ruthless intensity of the conflict forced the enemies of Germany to accept the need for a total war effort, particularly since this was a struggle in which two utterly antipathetic ideologies were at stake. The ideological lines may apparently have been blurred when totalitarian Russia found herself fighting in coalition with the democracies, but in fact this made little difference to the immediate issue. This was a death struggle in which Fascism could not hope to survive a defeat inflicted by the democracies, and in which democracy would certainly perish if Fascism should triumph.

On the purely military side the nature of war was also transformed by new weapons and methods. The combination of tanks and planes and fast motor transport gave a power and speed to the attack such as had never been seen before. The technique of *blitzkrieg* or "lightning war", developed by German military leaders and tested on the battlefields of Spain, made for sweeping operations and rapid changes in the front that were in striking contrast to the long stalemate of trench warfare that had marked the war of 1914-1918.

Along with these features went the vastly increased importance of the scientist and the inventor. New devices were constantly forthcoming on both sides, and it was always a possibility that a successful invention would change the whole balance and transform defeat into victory. The war at sea was a constant race between better submarines and better methods of detecting and destroying them. Radar played an important and perhaps a

decisive part in the Battle of Britain. The rocket bomb or V-2, launched by the Germans in the closing stages of the war, represented a serious danger during the short time it was in use. Above all there was the atomic bomb for which both sides were frantically searching, and whose prior discovery by the Axis might have been a catastrophe for the Allies.

Even as it was, the Allies were perilously close to disaster during most of the first three years of the war. The Germans overran Poland in a matter of weeks. In the spring of 1940 they seized Denmark and Norway and then struck with full force through the Low Countries and northern France, splitting the Allied armies, driving the remnants of the British forces into the sea at Dunkirk, and forcing France to sign an armistice on June 22. Hitler was now supreme on the continent of Europe; Mussolini, seeking the advantage of the winning side, had entered the war just before the fall of France; and for the next twelve months Britain and the Commonwealth stood alone against the Axis except for the brief interlude in the spring of 1941 when Greece and Yugoslavia were overrun by the German armies. Against Britain the Germans launched a sustained air offensive that was to be the prelude to an invasion by sea; and although the plan was frustrated by the successful defence in the Battle of Britain, continued bombing of ports and cities and the mounting toll of shipping by German submarines made Britain's situation precarious in the extreme.

The picture changed radically in the latter part of 1941. Growing German-Soviet tension convinced Hitler that Russia was planning an attack, and to forestall it he plunged into the invasion of that country in June 1941. In December the Japanese struck with the surprise attack on Pearl Harbour. Two Great Powers were now aligned with Britain against the Axis, and although their lack of full preparedness meant that it took time for their real strength to be brought to bear, the balance gradually began to swing toward the Allies as Russian manpower and American industrial production made their weight increasingly felt.

The tide turned in the last months of 1942. The Germans, who had reached the Volga and the Caucasus, were thrown back

at Stalingrad; the Axis forces menacing the Nile valley were routed at El Alamein; an Allied expeditionary force invaded North Africa and freed that area during the next six months. In 1943 the invasion of Sicily and Italy brought the downfall of Mussolini



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AN ATOMIC BOMB EXPLODES OVER NAGASAKI

and the surrender of the Italian government, though German armies continued to bar the Allied advance on Rome. In the Pacific, where the Japanese had reached the borders of India and the approaches to Australia, American forces regained naval ascendancy during the year and pushed the Japanese back from the Solomons to the Marshalls in a series of island invasions.

In 1944 the ring began to close. The Russians in an almost uninterrupted advance overran the Balkans and eastern Poland; the western Allies invaded Normandy, liberated France and advanced across the German frontier; in the Pacific the Americans advanced through the Marianas to the Philippines. The end came in 1945. In May, crushed between the Russian and Allied advances and with Hitler dead by his own hand in a Berlin

bunker, Germany surrendered unconditionally. By mid-summer Japan, with her naval power destroyed and her island conquests wrested from her, was under a tight blockade in her home islands and subjected to methodical attacks by American air power that



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HIROSHIMA, AFTER THE EXPLOSION OF THE ATOMIC BOMB,
AUGUST, 1945

wrecked her cities one by one. In August the new weapon of the atomic bomb was used against Hiroshima and Nagasaki, and Russia entered the war with an assault on the Japanese forces on the Asian mainland. Japan accepted the inevitable and agreed to unconditional surrender, and with the formal Japanese capitulation on September 2, the end of the Second World War came after six years of struggle.

THE AFTERMATH OF WAR

The conflict brought an appalling cost to the world. About 100,000,000 men and women had been mobilized in the armed forces of the belligerents and had suffered at least 15,000,000

losses in killed or permanently injured. Tens of millions of civilians had died; losses in physical wealth were beyond estimation. Even more than at the end of the First World War, the world faced the realization that in the new atomic age a further conflict might literally mean the end of civilization.



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LEADERS OF THE WARTIME COALITION

Churchill, Roosevelt, and Stalin, at the Crimea Conference, 1945

Only a new world order could permanently avert such a prospect, yet the hope for a better world faded rapidly in the immediate post-war period. There had been a faith that the common interests of the victorious Great Powers in the establishment of a permanent peace would lead them to work together to achieve an acceptable settlement. Certain bases had been agreed on by the Big Three in their conference at Yalta in the Crimea in

February 1945 and later at Potsdam in July of the same year. But difficulties had already arisen between Russia and the democracies, and with the end of hostilities these developed into an open split that dashed the prospect of constructive collaboration in the task of world reconstruction.

CHAPTER XIII

THE SEARCH FOR PEACE IN A DIVIDED WORLD

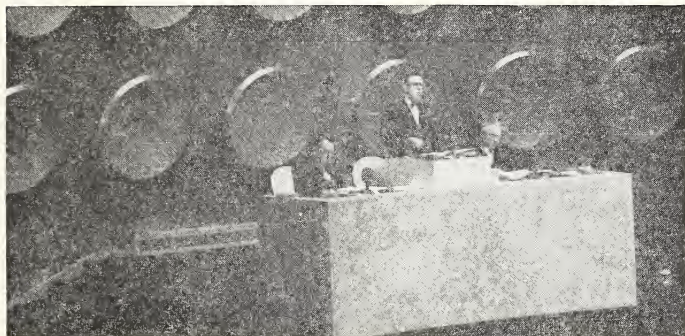
THE UNITED NATIONS

During the dark days of the Second World War the leaders of the western powers recalled that it was the failure of the League of Nations and the departure from the principles of the League Covenant that had brought on the war in which they were engaged. Struggling together to overthrow tyranny and rebuild a peaceful world, these leaders determined to reconstruct a better and stronger international association of nations for the preservation of peace and tranquillity. Even while the war was still in progress, the leaders and representatives of the freedom-loving nations met in San Francisco in April 1945 to draft plans for such an organization, and the Charter of the United Nations was adopted at this conference.

In a number of ways the new body resembled the old League of Nations. There was to be an Assembly composed of all member states, a Security Council in which five Great Powers had permanent seats and six other states were chosen for two-year terms, and a Secretariat to carry on the work of administration. There was also provision for an International Court of Justice similar to the World Court. The Security Council, however, was in certain respects a stronger body than the Council of the League. It was to have the final voice in all questions involving the maintenance of peace and security. It could take action by a vote of seven members, but only if all the permanent members agreed—a provision which allowed any one of the Great Powers to impose a veto. All members of the Organization promised to submit disputes to some form of peaceful settlement; and the Security Council had the right not only to act against an offender, but to step in and enforce a settlement before the dispute had reached the stage of an armed clash. Both economic and military sanctions might be used. The Organization had no separate armed

forces of its own; but the member states were to make armed forces available, and to hold air power ready for use by the Organization in accordance with agreements to be worked out later. This was a more definite commitment than any under the old League; and the Council was also to have a Military Staff Committee to aid in the use of armed force should that become necessary.

Two other bodies were also provided for. A Trustee Council was to be set up to oversee the administration of "trust territories"—a function similar to that of the Mandates Commission of the



United Nations

AT THE UNITED NATIONS GENERAL ASSEMBLY

Mr. Lester B. Pearson, Assembly President, presides at a ceremony in celebration of United Nations Day.

League. An Economic and Social Council was to embrace the various functions that had been discharged by the International Labour Organization and the various economic and social committees of the League. There was a hope in many quarters that this latter body would develop a wide and effective activity which would make it a paramount influence in removing economic inequity and social injustice, thus helping to eliminate many of the rivalries and discontents which threatened the peace and stability of the world. But its powers were largely advisory, and its lack of real authority was a serious drawback. What roused the greatest concern, however, was the weakness of the over-all authority of the new Organization in the face of the problems and dangers pre-

sented by the atomic bomb. A realization that something closer to an effective world government was needed became evident in many discussions; and Prime Minister King placed Canada in the forefront of the movement toward this goal when on December 17, 1945, he called for a limited surrender of sovereignty and a world government for the purpose of maintaining international security.

Almost before the new Organization came into operation, the hope that it would be able to establish universal peace had begun to fade. Its full effectiveness depended on the continued unity of the Great Powers, and that unity was shattered by the break between Russia and the democracies. The antagonisms of the cold war were reflected in the United Nations, where Russian obstruction became the chief obstacle to the constructive efforts of the world organization.

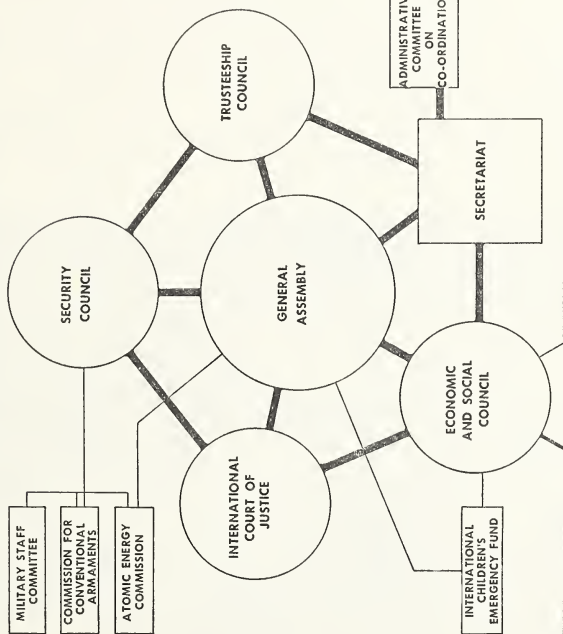
This was particularly evident in the Security Council. That body was given the chief responsibility for maintaining peace, but it could take action only if the five Great Powers were all agreed, and Russia could thus veto any concrete proposal by withholding her assent. It was only the accident of Russia's absence when the Korean question broke that enabled the Council to decide on resistance to North Korean aggression. There were other matters entrusted to the Security Council on which action was blocked by Russia. She obstructed efforts to pacify the Greek border and to provide a governor for the Free Territory of Trieste. She used her veto to exclude states applying for United Nations membership (even when, as in the case of Italy, she was pledged by treaty to support them) unless her own satellites such as Albania and Outer Mongolia were also admitted. The abuse of the veto, even to the extent of preventing discussion of matters that Russia did not want discussed, soon threatened to destroy all confidence in the Security Council as an instrument for preserving peace.

Nothing symbolized this more clearly than the fate of all discussions dealing with armaments. Russia prevented any progress toward the limitation of such conventional armaments as aeroplanes and warships and ground forces by insisting that all armaments including the atomic bomb must be considered together. At the

ORGANS OF THE UNITED NATIONS

SPECIALIZED AGENCIES

INTERNATIONAL LABOUR ORGANIZATION
FOOD AND AGRICULTURE ORGANIZATION
EDUCATIONAL SCIENTIFIC AND CULTURAL ORGANIZATION
INTERNATIONAL CIVIL AVIATION ORGANIZATION
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL MONETARY FUND
UNIVERSAL POSTAL UNION
WORLD HEALTH ORGANIZATION
INTERNATIONAL TELECOMMUNICATIONS UNION
INTERNATIONAL REFUGEE ORGANIZATION
INTER-GOVERNMENTAL MARITIME CONSULTATIVE ORGANIZATION
INTERNATIONAL TRADE ORGANIZATION
WORLD METEOROLOGICAL ORGANIZATION



Simplified reproduction of Chart taken from Yearbook of the United Nations, 1947-48. (published September, 1949, by Department of Public Information of the United Nations, Lake Success, N. Y.)

COMMISSIONS

ECONOMIC AND EMPLOYMENT
TRANSPORT AND COMMUNICATIONS
FISCAL
STATISTICAL
POPULATION
SOCIAL
NARCOTIC DRUGS
HUMAN RIGHTS
STATUS OF WOMEN
ECONOMIC COMM. FOR EUROPE
ECONOMIC COMM. FOR ASIA AND THE FAR EAST
ECONOMIC COMM. FOR LATIN AMERICA

same time she blocked the attempt to work out a system for international control of atomic energy by objecting to effective inspection and by insisting that atomic bombs must first be outlawed. Russia herself exploded her first test bomb in 1949, and the fact that both sides now possessed this formidable weapon made more appalling the prospect of another war. Yet unless some way could be found to end the antagonism between Russia and the democracies, the United Nations would be helpless to prevent such a war, and the alternative was the search for security through rearmament with all the dangers it involved.

Outside the Security Council the veto did not apply, and it was possible to carry on much constructive work in spite of Russian obstruction. The Soviet Union stood aloof from nearly all the special agencies that dealt with such matters as world trade and agriculture and financial stability, and even withdrew from the World Health Organization in 1949, yet these bodies were able to carry on a useful and growing activity. In the Assembly of the United Nations the Soviet bloc could delay proceedings and create at times an atmosphere of tension, but could not prevent decisions by majority vote on the issues before the Assembly.

Thus the United Nations, in spite of all its shortcomings, was able to play a vital role in the post-war world. It was a meeting place where common aims could be formulated and common policies worked out by nations that were sincerely desirous of improving world conditions. It could investigate disputes and seek their solution; and if it did not always effect a permanent settlement, it did help to bring an end to actual fighting in Kashmir and Palestine and Greece. Its special bodies undertook a wide range of constructive tasks, from the protection of human rights to the provision of technical aid to under-developed countries. This was no small record of accomplishment, and without it the post-war world would have been very much the poorer.

THE BACKGROUND OF THE COLD WAR

The clash of ideologies between the western democracies and the Communist countries has become the greatest problem con-

fronting the world in its search for lasting peace. This ideological conflict is the basis of the cold war with all its tensions and fears. It is, in effect, the struggle of the democracies for national survival and the maintenance of individual liberties, and of the Communists for the expansion of their totalitarian state with its ideals of dictatorship and regimentation.

The democracies had not prepared for this conflict. They had become supporters of the Russian armies through Hitler's sudden attack on the Soviet Union in June 1941. The western nations did their utmost to assist their new ally in the struggle. Russia in turn appeared to be embarking on a policy of friendship with them. The Comintern was disbanded and any future plan to spread Communism throughout the world was disavowed. Stalin



Wide World Photo

THE WESTERN DEMOCRACIES DISARM

In 1946, piles of scrapped aircraft, like the one above, could be seen in all theatres where the western allies had fought.

took part in conferences with Prime Minister Churchill and President Roosevelt in planning war strategy and the settlement of post-war problems. Pacts were made assuring the Great Powers that the nations under Axis domination would be permitted to set up democratic governments as soon as they were liberated.

When the Axis Powers surrendered in 1945, the nations of western Europe turned to the tasks of restoring normal conditions at home and of establishing an organization to restore and maintain peace abroad. The problems that confronted the leaders in the democracies involved every sphere of national life—economic, social, political, and constitutional. The huge war debts that had been accumulated, the devalued currencies, the needs for the reconstruction of factories and homes, the reconversion of industries, and the regaining of world markets, were gigantic economic problems. The rehabilitation of the armed forces, the maintenance of occupation forces in the defeated countries, and the establishment of a system of social security and economic welfare for all people in the homelands, posed problems of social as well as economic adjustments. In the colonial areas of Great Britain, the Netherlands, France, and the United States, new nations were emerging; and in those areas not ready for independence the native peoples were demanding a greater share in the political life of the state. A revision of colonialism was urgently needed. In western Europe elections were held and new leaders were chosen to deal with these difficult matters. To neglect these problems would most certainly lead to strikes, riots, and the spread of subversive influences.

Nevertheless, pressing as these national crises were, they had to take second place before the rising threat of the cold war, which gradually assumed alarming proportions. Russia had been building up her industrial resources and centralizing her political and economic control for two decades. The defence of the country against Hitler had given her a unity which she lacked before. As the Nazi forces fell back, Russian troops swept forward over new areas such as Poland, Rumania, Bulgaria, Czechoslovakia, and East Germany, paving the way for the extension of eventual Russian domination of these states. In the Far East the Russians



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RUSSIAN ARMAMENTS

New equipment, like these mortars passing through Moscow's Red Square, was manufactured in Russia after the end of the Second World War.

overran Manchuria and North Korea, dealing with them in a similar way.

The economic, social, and political upheavals that resulted from the war made the time seem opportune for the spreading of Communism throughout the devastated countries. Events that occurred within a few months of the end of hostilities warned the democracies that the plans of the Soviet Union must be resisted. Her stiffened attitude toward her former allies, her refusal to keep her promises, her acquisition of whatever could be removed from the areas she overran, and her sowing of Communist propaganda, showed that collaboration with her was almost impossible.

The role played by Russia after the Second World War was very different from that after the 1914-1918 conflict. Then she took no important part. Her resources were undeveloped and her industry was neglected or destroyed. She had been defeated and impoverished by Germany. Her soldiers had mutinied and the country was torn by civil war. She had no voice in the framing of the peace treaties, and did not become a member of the League of Nations for fifteen years. But after the Second World War all this was changed. Russia had used the period from the signing of the non-aggression pact with Hitler in August 1939 until the Nazi attack on her in June 1941 as a breathing spell to build up her armaments, while Britain stood alone against the attacks of the Luftwaffe, and wore down the military might of Germany. In 1945 Russia emerged as one



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of the victors, acquiring control over large areas in the Baltic States and in the Balkans. In the Far East, too, she made considerable gains without any cost to

herself as the Japanese troops fell back under attacks by the American forces on their homeland.

Russia has become one of the two strongest nations in the world today. Her Five-Year Plans have greatly increased her



RUSSIAN AGGRESSION SINCE 1939

output of industrial machinery, consumer goods, and military armaments such as tanks, mobile guns, jet aircraft, submarines, and capital ships. She has produced and tested atomic and hydrogen bombs. Her armed forces number several millions. The upkeep and support of such military might has not been neglected. Her industrial and agricultural systems are carefully and com-

pletely controlled, and are capable of producing needed goods in tremendous quantities. For example, by 1955 the Soviet government had laid plans to produce annually thirty-five million tons of pig-iron and forty-five million tons of steel, the greater part of which would probably be used in the manufacture of armaments because such articles are given priority in production.

Geographically the Soviet Union is the greatest state in the world. Her area is about three times that of the United States, and her population numbers over two hundred million, exceeded only by the less industrialized nations of China and India. In addition to her own vast size and strength, Russia exerts absolute control over the satellite states of central Europe, and she has close ties with Communist China and its six hundred million people.

There are two principal reasons why the western democracies fear the military might of Russia. The first of these is the fact that she is a totalitarian state, subordinating the rights of the individual to that of the state and enslaving the people of the satellite countries to her will. The other reason is that she is imperialistic, and seeks through agencies such as the Cominform and the Communist Party in every country to spread Communism throughout the world. The democracies fear Russian expansion and have assumed an attitude of resistance against all Soviet moves or encroachments. This is one aspect of the cold war.

THE UNITED STATES ASSUMES LEADERSHIP OF THE DEMOCRACIES

During the long struggle against Hitler, Britain had borne the brunt of the war, standing alone during the twelve months that followed the collapse of France in 1940; and then, with help from the New World, the British forces fought on until the Nazis surrendered unconditionally and the war ended. But Britain was too weakened to undertake the gigantic task of restoring the devastated countries of Europe and of caring for the millions of refugees and destitute left by the war.

However, the United States was in a position to assume such responsibilities. Her industries had been built to produce goods in great quantity and they had not been touched by bomb or

shell. Her soldiers had fought on every continent, and, after the Axis surrender, the United States had occupation zones to administer in Germany, Austria and Korea, as well as being in complete charge of the occupation of the Japanese Empire. Thus the United States became the champion of the western democracies in the restoration of peace and the settlement of the problems that followed in the wake of the Second World War. This policy was in striking contrast to that assumed by the United States a quarter of a century earlier when she returned to a policy of isolation after helping the Allies defeat the Central Powers in 1918.

First and foremost among the international responsibilities assumed by the United States was that of taking the lead in the establishment of the United Nations Organization for the preservation of peace and "to save succeeding generations from the scourge of war". This organization was set up by delegates from many countries at a conference held in San Francisco in April 1945, and its Charter was accepted by fifty-one countries in the same city six months later. The headquarters of the United Nations was later situated permanently in New York City, and the United States bears a greater share of the cost of the United Nations than any other nation.

Another responsibility assumed by the United States was that of protecting free countries from the menace of Communism directed from Moscow. When Greece was threatened by Communists within her own borders as well as from those in Bulgaria and Yugoslavia, the United States provided munitions and economic assistance to the country, and the peril was averted. Turkey, too, was given military aid to assist her in preventing Russia from demanding part of northern Turkey and the Dardanelles. This policy of the United States in opposing Communist aggression is known as the "Truman Doctrine", and its aim is the containment of Communism.

One of the greatest contributions of the United States to the restoration of economic stability and social welfare in the countries of western Europe was the institution of the European Recovery Program or the Marshall Plan. To help feed and clothe the starving millions of Europe whose homelands had been devastated

by the war, and to prevent their governments from being overthrown by Communist invasion or revolutions, the United States Congress appropriated about five billion dollars a year from 1948 to 1952 for the purpose of providing food, machinery, coal, fibres, fuel oil, and other necessities, to sixteen European countries. These materials were provided to enable those countries to rebuild their industries and stabilize their economies, and thus prevent the social and economic collapse of states which had suffered so much in the Second World War. In general the food was donated by the United States but the machinery was provided in the nature of a loan to be repaid through the production of goods. Marshall Plan funds and aid were offered to all the countries of Europe but Russia forbade her satellites to accept them, fearing that such help would draw them away from her control.

Still another form of aid undertaken by the United States was that of supplying scientific and technical assistance to free peoples in undeveloped areas. President Truman defined the aim of this as being "to help free peoples of the world, through their own efforts, to produce more food, more clothing, more materials for housing, and more mechanical power to lighten their burdens".

Not least among the responsibilities assumed by the United States was that of occupying zones in Germany and Austria and the whole of the Japanese Empire, attempting to restore their economy, to eradicate totalitarianism, and to inculcate the ideals and practices of democracy.

THE ROLE OF DEFEATED NATIONS

Just as President Wilson dreamed of building a peaceful world when he enunciated his Fourteen Points in 1918, so the authors of the Atlantic Charter hoped that a better world would emerge as a result of the sacrifices of millions in the Second World War. But with the dawn of peace a new struggle began between the forces of democracy and those of Communist totalitarianism. Those nations which had been compelled to take sides with Hitler in his campaigns for the subjugation of all Europe had been liberated by the United Nations in the overthrow of the Axis Powers in 1945, but, as former enemy countries, they were destined

to be treated very differently from the Central Powers after the First World War. The leaders of the western democracies hoped that totalitarian elements could be removed from their governments and that they could be granted peace treaties and restored to full national sovereignty after making whatever amends seemed just and right. However the Soviet Union soon succeeded in suppressing all democratic parties in the countries which came under her influence, and instituted Communist puppet regimes in all her satellites. For this reason the democracies found it necessary to assign new roles to those countries which they had defeated and later occupied. Their help must be sought in the struggle to resist the advance of Communism. Thus former enemy countries such as Italy and Western Germany have become allies of the democracies in the cold war. Troops maintained in Germany are not kept there to prevent the resurgence of Nazism but instead to protect that country from attack by Russia.

Another significant difference between the situations after each World War was the role played by each of the Great Powers. In 1919 the problem was one of gaining a long-range security for France and the United Kingdom against a revived and militaristic Germany. The United States had adopted a policy of isolation, and Russia was being torn by the Bolshevik revolution. But after 1945 the collapse of Germany was complete, and both France and the United Kingdom were in a weakened condition. The powers of the Anti-Comintern Pact had been overthrown, and there was no European or Asiatic power to keep Russia in check. Therefore the United States had either to assume the major role in re-arming and defending the countries of Europe and Asia and in helping them to set up mutual defence organizations, or else see them fall a prey to Communist imperialism, and the boundaries of the Communist world brought ever closer to the shores of the United States.

In assuming the leadership of the democracies against Soviet imperialism, the United States has insisted that the countries to which help has been given must play their part in the struggle. In the Far East, concessions have been made to Japan and help has been given for the training of an army and the rebuilding of

a navy for that country. United States troops remain to defend it until such time as the new Japanese forces can protect themselves. The United States has agreed to sponsor the entry of Japan into the United Nations. The reasons for this policy on the part of the United States is that Japan may become a strong democracy and take her place along with the other democracies in resisting the expansionist aims of the Soviet Union and her satellites. The United States has planned a similar role for the West German Republic in Europe, insisting that this former enemy country be restored to full national sovereignty and be allowed to re-arm and take her place in the North Atlantic Treaty Organization.

THE PEACE TREATIES OF 1946-47

As the first step in settling the problems that remained in Europe after the cessation of hostilities and the occupation of the former enemy countries, a general peace conference was convened in Paris on July 29, 1946. Representatives from twenty-one nations assembled to consider peace treaties for five of Germany's former allies—Italy, Finland, Hungary, Rumania, and Bulgaria. Representatives of these defeated powers were also present at the conference table, a concession not made to the Central Powers in 1919. Preliminary peace discussions took place earlier in the Council of Foreign Ministers during their meetings in London, Potsdam, and Moscow. The conference lasted from July to October, 1946, and the treaties were ratified early in 1947.

The Peace Treaty for Italy provided that she renounce all claim to her African colonies in Libya, Eritrea, and Italian Somaliland, that the Dodecanese Islands be ceded to Greece, and that the city of Trieste and vicinity become Free Territory. Italy was required to pay reparations of \$325,000,000, of which \$100,000,000 was to go to Russia. The Italian armed forces were restricted, her army to be limited to 250,000 men, her navy to two battleships and four cruisers, and her air force to 350 aircraft.

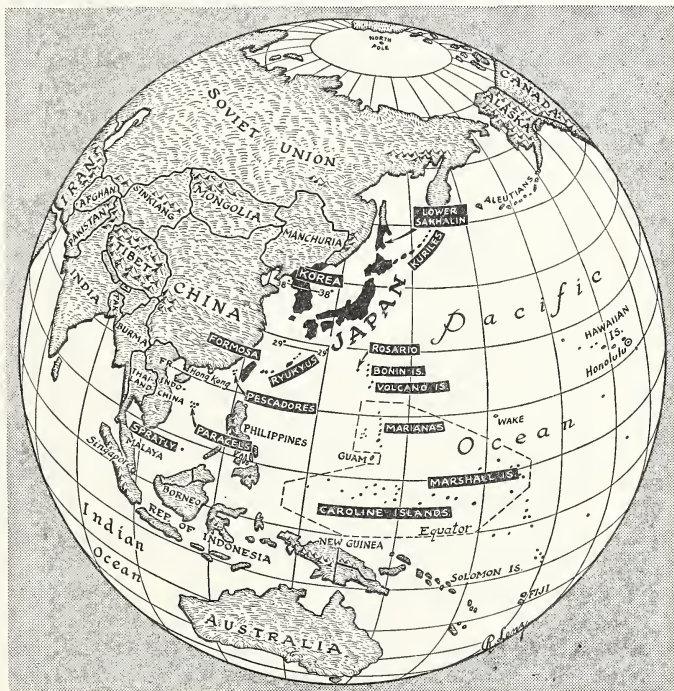
In the other four peace treaties, similar provisions were made regarding reparations, territorial changes, and restrictions on armaments. Finland was required to pay reparations of \$300,000,000 to Russia, to limit her armed forces to 42,000 men, and to cede

the mineral-rich area of Petsamo in the north to Russia. She also had to lease the port of Porkkala to Russia and to demilitarize the Aaland Islands. Hungary was obliged to return Northern Transylvania to Rumania and to pay \$300,000,000 in reparations to Russia, Czechoslovakia, and Yugoslavia. Rumania was required to pay a similar amount to the same states, and also to cede Southern Dobruja to Bulgaria and the provinces of Bessarabia and Northern Bukovina to Russia. Bulgaria received the most generous treatment as a former enemy country, having to pay only \$70,000,000 in reparations and losing no territory. It would appear that Russia was endeavouring to cultivate good relations with the people of Bulgaria. In the three peace treaties made with the Balkan states no exact limitation was placed upon the strength of their armed forces, a happy provision as far as Russia was concerned, especially if they should become her satellites.

THE JAPANESE PEACE TREATY

On September 8, 1951, in San Francisco, a peace treaty with Japan was signed by forty-eight non-Communist nations, virtually ending six years of occupation by United States forces under General Douglas MacArthur during which time the Japanese people had been led some distance along the road toward democratic government and economic reconstruction. This treaty gave Japan recognition as an independent nation. All claims were given up by the Japanese government to Korea, Formosa, lower Sakhalin, the Kuriles, the Paracel Islands, and the Pacific Islands which came under trusteeship of the United Nations at the defeat of Japan. The Ryukyu Islands, the Volcano Islands, the Bonins, and the Marcus Islands, were all recognized as being under United Nations trusteeship. Japan pledged herself to a policy of peace, promising to settle future differences through negotiation and to support the principles of the United Nations. Japan was not required to pay any heavy reparations, but certain nations which she had overrun might claim for damages, and such matters would be settled between Japan and the country concerned. The United States occupation troops were to be withdrawn within ninety days after the treaty was signed; but the Japanese govern-

When the Japanese Peace Treaty was signed, Premier Yoshida promised: "The Japan of today is no longer the Japan of yesterday."



Map by R. H. Lenz, courtesy of The Christian Science Monitor

TERRITORIES RENOUNCED BY JAPAN UNDER THE PEACE TREATY

Of the territories renounced (shown in white on black), the Kurile Islands and lower Sakhalin are now controlled by Russia, the Ryukyus by the United States.

We will not fail your expectations of us as a new nation dedicated to peace, democracy, and freedom”.

THE COLD WAR

The cold war is characterized by armed clashes along much of the frontier that divides the Communist world from the non-Communist world. Incidents have frequently been created for the purpose of maintaining a war of nerves, incidents such as the Berlin blockade, the shooting down of unarmed planes by Soviet pilots, and the kidnapping of western citizens near the frontier. Tension has also been maintained by the stirring up of trouble by spies and saboteurs, as well as by a continuous stream of vilification and propaganda against the West, carried on even in the meetings of the United Nations.

Russia's purpose in all this may be to break the morale of people in the democracies, to spread unrest and fear, to keep her own people in a state of servitude, and to hasten the day when, according to her plans, the Communists take over control in all countries. The most important steps undertaken by the Soviet Union in organizing and fostering the cold war have been the formation and maintenance of large armed forces, the extension of her military might through the Five-Year Plans, the establishment of a fifth column in every country, and the subjugation of most of the states lying along her borders. Besides these activities in the military sphere, she has organized the Cominform for the purpose of giving unity and strength to her plans for extending Communist control beyond her borders. She has vigorously opposed every plan for the recovery of Europe, such as the European Recovery Plan and the unification of Germany and Austria. In the Security Council meetings she has employed the veto scores of times to block action by the democracies. She has refused to take part in many agencies of the United Nations, but uses the meetings of that organization as a sounding board for her propaganda.

Mr. St. Laurent, in a speech in 1950, outlined Canada's stand in the cold war in these words: "To win the cold war it will not be enough to devote to military defences and the production and

development of arms a considerable fraction of our total resources. That may be enough to prevent defeat. Preventing defeat is not the same thing as winning a victory. To win, I believe the nations of the free world must demonstrate the superiority of our institutions and our way of life to the continued satisfaction of all our own people. And then we must win over those hundreds of millions in Asia and Africa who now feel indifferent and confused and are attached to no side in the cold war; and ultimately we must convince those other millions behind the Iron Curtain that Communist Imperialism means slavery and that we stand for freedom and peace."

CHAPTER XIV

PACTS AND ALLIANCES MAINTAIN THE BALANCE OF POWER

With the onset of the cold war the western democracies formed alliances and drew up mutual assistance pacts in order to gain strength through unity and withstand the threat of Communist aggression. The Communist-led countries likewise entered into agreements and alliances for the purpose of consolidating the gains they had made after the Second World War and of preventing deviationism on the part of any of the satellite states.

COMMUNIST ALLIANCES

Foremost among the plans adopted by the Communists to maintain unity and to extend their control was the creation of the Cominform, a revival of the Comintern which had been disbanded in 1943. The Cominform, the full title of which is the Communist Information Bureau, was established in 1947 by the Soviet government in conjunction with Soviet satellite states and representatives from the Communist Party in France and Italy. Two representatives from each of nine countries met in Poland and organized the Cominform, the headquarters being established in Belgrade in 1948. The nations represented in this organ for Communist expansion were Russia, Poland, Czechoslovakia, Rumania, Hungary, Bulgaria, Yugoslavia, and the Communist parties in France and Italy.

Russia had become aware that closer control must be secured and maintained over the satellites and the Communist Party in western Europe if her authority was not to become weakened. Yugoslavia and Bulgaria were planning closer economic ties at the expense of Russia; Poland and Czechoslovakia were eager to accept Marshall Plan aid; the Party was rapidly losing strength in France and Italy; and the plan for collectivization of land in Yugoslavia was making slow progress.

As a means of rallying its members, the Cominform Manifesto was proclaimed, accusing Britain and the United States of imperialistic aims and aggressive intentions against the Soviet Union and her satellites, and warning the Communist countries that they must stand fast to guard "the democracy, national sovereignty, independence, and self-determination, of their countries".

Greater control by Russia was soon evident. Many leaders in the satellite states were removed from office for favouring deviation from the policy set out by the leaders in Moscow. These deviationists were usually imprisoned and later brought to trial. After confessing traitorous intent, many of them were put to death. Their places were filled by men who would keep the satellites true to the Kremlin. However, the Cominform did not produce the cohesion and strength for which its authors hoped. In 1948 Marshal Tito of Yugoslavia refused to bow to his Moscow masters, and the Cominform ordered his dismissal and replacement by one who would adhere to Soviet policy. Tito's followers refused to desert him. Consequently Yugoslavia was expelled from the Cominform group, and pressure was brought to bear upon the Party members in that country to effect the economic and political collapse of Yugoslavia. Although Yugoslavia was not recovered by the Cominform, none of the other states has broken with it. Any further deviationism by members of the Cominform seems unlikely because they have promised to uphold the ideal of government by the proletariat, to suppress all kulaks and privileged groups, and to accept the interference of the Soviet Army in their states if the Russian leaders believe such action is necessary to maintain control. Riots against the government in East Germany in June 1953 were put down by the forces of the Soviet Union and not by the East German authorities.

Another important Communist alliance is that between the Soviet Union and Red China. It was signed after the Communist victory over the Chinese Nationalist forces in 1949. This Russo-Chinese Alliance is to be in force for thirty years. It is not clear to the western world what relationship exists between the Russian and Red Chinese regimes, or to what extent the government of Red China is under the control of Moscow; however, from recent

developments it would appear that the status of the Peiping government is one of equality with that of the Soviet Union rather than a position of a satellite.

DEMOCRATIC ALLIANCES

With the intensification of the cold war and the division of the United Nations Organization into rival blocs, the western democracies undertook a reappraisal of their international relationships. Their search for security led them to adopt a two-fold plan: to rebuild their own national defences, and to enter into international agreements with other democratic states.

The Brussels Treaty

The first of these alliances was brought about by the signing of the Brussels Treaty on March 17, 1948, between five nations in western Europe—Britain, France, Belgium, the Netherlands, and Luxembourg. This fifty-year treaty aimed at strengthening the economic and social ties of the signatory powers, unifying their efforts for the economic reconstruction of Europe, promoting peace, and resisting aggression.

The germ from which the Brussels Treaty grew was the Benelux Pact, an agreement to establish a Customs Union among the three powers, Belgium, The Netherlands, and Luxembourg. This pact was ratified in Brussels in October 1947.

The international situation at the time of the signing of the Brussels Treaty was causing grave concern. The Big Four Foreign Ministers' Conferences were hopelessly deadlocked; Austria and Germany had failed to get peace treaties; the western Big Three Powers had merged their occupation zones in Germany and established a unified administration of the area in all legal, financial and economic matters, and were preparing to give more and more internal control over to an elected German government. Russia for her part was exercising greater control over eastern Europe, and in February 1948 staged a coup in Czechoslovakia which ousted the Coalition government and brought that state, the last of the satellites, completely under Communist domination. Presi-

dent Truman, realizing the seriousness of the international situation, urged upon Congress the necessity for enactment of three measures to stabilize the forces of democracy, namely, the passage of the European Recovery Program, the establishment of universal military training throughout the United States, and the provision of selective service until military training was in operation. Thus the threat of Communism to the free nations was driving the Western Powers to seek security through rearmament and mutual defence pacts.

The nations that signed the Brussels Treaty became known as the Western Union. By September 1948 the Western Union had taken further steps to carry out the provisions of the treaty and had set up an organization for defence with Field Marshal Montgomery of Great Britain as Head of the Military Command.

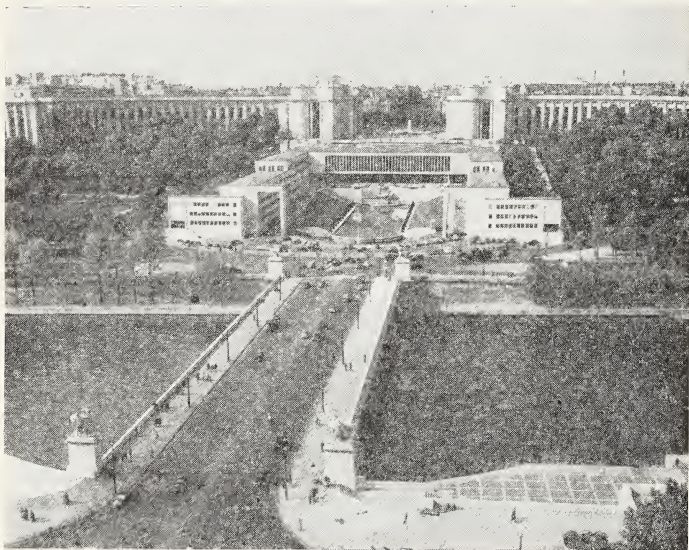
NATO

Out of the United Nations and the Western Union grew the North Atlantic Treaty. It was at first a regional security pact of twelve nations—the five nations of the Western Union together with Canada, the United States, Iceland, Norway, Denmark, Portugal, and Italy. This treaty was signed in Washington, D.C., on April 4, 1949. By its terms the members reaffirmed their faith in the principles of the United Nations, declared their intention of protecting the freedom and heritage of their peoples, and promised to unite their efforts for collective defence and security. For the purpose of clarifying the extent of their commitments for mutual defence, it was stated that an attack upon any member of the signatory powers would be regarded as an attack upon all, and that all the members would come to the assistance of the member attacked.

Russian leaders have frequently condemned the North Atlantic Treaty as a violation of the United Nations Charter, but the Western Powers contend that its aims and purposes are peaceful, being solely for defence, and come within the bounds laid down in Articles 51 and 52 of the United Nations Charter. In 1952 Greece and Turkey subscribed to the North Atlantic Treaty, and

in 1954 plans were laid for admitting West Germany as the fifteenth member of the alliance.

Here in the North Atlantic Treaty was the framework of an organization for the collective defence of the free world. It was clothed with flesh and sinew when the outbreak of the Korean



NATO

THE PALAIS DE CHAILLOT—NATO HEADQUARTERS IN PARIS

war showed that the Communist aggression was prepared to take the form of military attack if it seemed that this could be done without serious opposition. It was imperative to remove any illusion that a similar attack could be launched in Europe without starting a major conflict. The result was the creation of a European command for NATO under General Eisenhower, an increase in the forces to be provided by each member, and pressure on all of them to increase their arms production with the aid of substantial funds from the United States.

By 1954 NATO had grown to a formidable force for the security of the Atlantic nations and their neighbours. Lord Ismay, Secretary General of NATO, described the organization in these words: "It is a great adventure. It is perhaps the most challenging and most constructive experiment in international relations that has ever been attempted."



NATO

THE SECRETARY-GENERAL OF NATO, LORD ISMAY, WITH THE
OFFICIAL NATO FLAG

The combat forces of NATO consist of approximately a hundred divisions of soldiers and an air force of five thousand planes, together with naval forces commensurate with the ground troops and adequate for the defence of the long Atlantic and Mediterranean coasts. The expenditure on NATO extensions for 1954 was over two hundred and fifty million dollars, spent chiefly on airfields, jet fuel pipelines, storage facilities, communication lines, and naval establishments. The organization has built 120 airfields and has another forty under construction.

Canada has made a considerable contribution to NATO. She has supplied about fifty ships of the Royal Canadian Navy to the Atlantic Command, sent the 27th Infantry Brigade to strengthen the ground forces in Europe, and also twelve fighter squadrons of the Royal Canadian Air Force. In addition to this aid, Canada



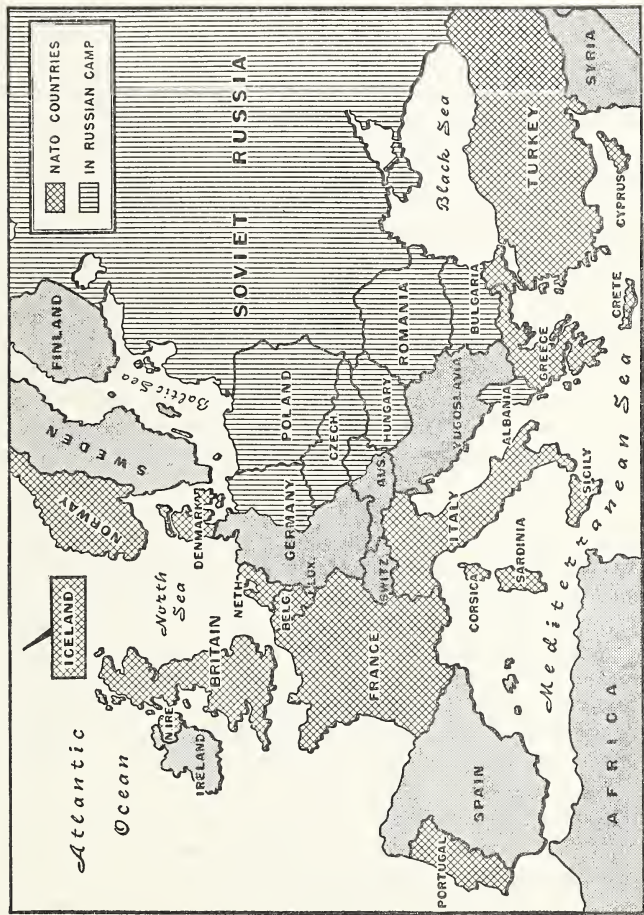
Department of National Defence

CANADIAN AIR SQUADRONS FOR NATO

No. 2 Fighter Wing, R.C.A.F., serving with NATO at Grostenquin in France.

has reopened several of her air training stations and is training NATO aircrew personnel at the rate of approximately 1,500 each year. Canada's financial contribution to NATO is over \$300,000,000 per annum.

The fourteen nations of the North Atlantic Treaty are frequently referred to as the Atlantic Community. Their peoples number 380 millions, a great union of free nations attempting to achieve political co-operation, an international defence structure, and military and economic co-operation, and to establish friendship and understanding among all its members. Many people regard the Atlantic Community as the strongest influence for peace in the world.



Courtesy, The American Observer

THE NATO COUNTRIES

NATO includes the United States and Canada in addition to the countries shown on the map.

The Nine-Power Treaty

A key element in the plans for defence of western Europe is the enlistment of the strength of Western Germany in the common cause. The Schuman plan for closer economic collaboration led to the founding of the European steel and coal community in which six nations, including France and Germany, agreed to pool their resources in these basic commodities. This was followed by a proposal for a European Defence Community, springing largely from the French fear of an independent re-armed Germany and the feeling that any German military units should be merged in a common military organization. On this basis the western democracies drew up a plan for a peace contract with Western Germany which would restore almost complete independence to the Bonn government in return for participation in EDC. The plan made slow progress, partly because France hesitated to allow Germany to re-arm under any conditions, but it increased the certainty that Germany would become part of the western democratic community and that her growing strength would contribute to the common defence.

The French government postponed any action on the ratification of EDC for many months, even though the United States urged that the plan be given support. Finally, on August 30, 1954, the French National Assembly effectively prevented the ratification of the plan and disposed of it for all time. Immediately there was a strong reaction to the attitude of France on the question of EDC. A conference was called in London to discuss the matter of German rearmament and the granting of autonomy to the Bonn Republic. This conference was attended by L. B. Pearson of Canada, the foreign ministers of the United Kingdom and of the six nations envisaged in the proposed EDC plan, and the Secretary of State for the United States. Early in October 1954 a new agreement was reached and the delegates set their signatures to a new plan, the Nine-Power Treaty. The inclusion of both the United Kingdom and the United States satisfied France. By this treaty Germany is to be permitted to build an army of twelve divisions and to produce heavy armaments including tanks and submarines, but not to participate in the manufacture of atomic weapons.

The framing of the Nine-Power Treaty marks a significant development in international relations. The United Kingdom has realized the need of Germany's assistance in building an adequate defence against aggression in Europe. To establish such a protective force, Britain has promised to maintain troops on the continent as long as they are needed. By this action she has left her traditional policy of isolation from European affairs in peacetime, and has assumed closer association with the democracies of Europe. Thus France is guaranteed the protection she desired against a rearmed Germany. Moreover, unlike the Locarno Pacts of 1925 which were agreements among European powers only, the proposed Nine-Power Treaty is backed by outside countries—Canada and the United States. It is hoped that the additional weight of these countries in the cause of peace will deter aggression effectively in Europe and pave the way for a friendly association of a new France with a rearmed Germany.

The Nine-Power Treaty must still be ratified by the governments of all countries concerned, but there appears to be little opposition to it among any of the western democracies. This important step of re-arming Germany necessitated the granting to her of full autonomy, even though such action did not have the approval of the Soviet Union which exercises control over the Communist government of East Germany. This action by the western democracies has had the effect of granting a peace treaty to Western Germany after more than nine years of control by the victors in the Second World War.

In recognition of this new autonomy, Western Germany was admitted to membership in NATO on October 6, 1954, subject to ratification by the governments of the states concerned.

The Council of Europe

Not all the plans undertaken by the western nations in their search for security after the Second World War dealt with economic and military commitments. The Council of Europe took the form of a parliament of representatives from fourteen western European nations and the Saar, and was established in 1949 with its headquarters at Strasbourg in France. It is a political organization

which seeks to find solutions to cultural and national differences which have divided Europeans for centuries. The Council of Europe consists of two bodies, a Committee of Ministers and a Consultative Assembly. The members of the Assembly may discuss matters relating to the nations as a group and may vote on questions, but the Assembly has no power to enforce its decisions. The Committee of Ministers consists of the foreign ministers of the member states, and exerts the greater influence although it has no real power either. The chief contribution of the Council of Europe has been the creation of better attitudes and greater understanding and confidence among the members, paving the way for the economic agreements and the mutual defence pacts such as the Schuman Plan and NATO.

The Colombo Plan

It is not in Europe and the Atlantic area alone that nations have entered into agreements for mutual aid in economic and military affairs. The needs of south and southeast Asia became the subject of discussions among the Commonwealth countries and resulted in the framing of the Colombo Plan in 1950 with the object of giving aid to the under-developed states in that part of the world. Beginning as a purely Commonwealth effort, the Colombo Plan has become an international project for self-help and mutual assistance. The conditions which led to the plan were the low standard of living of the six hundred million people in that area, the devastation and misery left by the war, the desire of the peoples for national self-realization, and the failure of the primitive methods of agriculture and industry to provide for the rapidly growing populations. The results of such conditions were unrest, the danger of civil war, and the influx of Communism. The British Commonwealth, which exercises authority over the greater part of southern Asia, took the initiative in establishing a plan for improving the economic and social conditions there.

The Colombo Plan was initiated in the city of that name in January 1950 at a meeting of the Foreign Ministers of seven Commonwealth countries—the United Kingdom, Australia, New Zealand, Canada, Ceylon, India, and Pakistan. By 1952 the plan

was enlarged to admit to full membership the countries of Burma, Cambodia, Laos, Nepal, and Viet-Nam, all non-members of the Commonwealth. By 1954 Indonesia and the United States had become members as well, and Thailand and the Philippine Republic have been considering applying for membership. In the Colombo Plan, assistance is given on a country-to-country basis. Any Asian member country requiring assistance informs the other members of the best ways in which aid can be given to it, and they contribute in ways mutually agreeable. For the most part such aid has been in the nature of means for increasing agricultural production, but other development projects include improvement of transport and communications, production of materials required in industry, such as cement, steel, fertilizer, tools, and locomotives, the resettlement of homeless refugees, the provision of more educational and medical facilities, and the broadening of community life in rural areas.

The Rio Pact

The Rio Pact, signed by representatives of nineteen republics in North and South America in 1947, is yet another regional security agreement similar to the North Atlantic Treaty in its defence commitments. It is intended to remain in force indefinitely. Although Canada lies within the area covered by this pact, she has not become a member of the Pan-American Union nor subscribed to the Rio Pact because she considers such action inconsistent with her position as a member of the Commonwealth, and unnecessary as a member of both NATO and the United Nations.

SEATO

In the city of Manila on September 8, 1954, eight nations which have interests in south-east Asia signed a Pacific Charter and bound themselves to mutual assistance through the South-east Asia Collective Defence Treaty, or SEATO. The Charter obliges them to uphold the principles of equal rights and self-determination, peaceful promotion of self-government, economic and social co-operation, and the maintenance of freedom and sovereignty. In the treaty the signatory powers pledged themselves to resist, both

individually and collectively, any armed attack or subversive activities; to give economic and technical aid to one another; to seek peaceful settlements of disputes; and to establish a military council. A protocol to the treaty established the areas of its protective and economic benefits to those territories in the Pacific south of $21^{\circ}30'$ North latitude, as well as to those of the member nations. The signatory powers were Australia, New Zealand, Britain, France, Pakistan, the Philippines, Thailand, and the United States. Thus the area protected by this treaty extends all the way from Pakistan to New Zealand and includes parts of both the Pacific and Indian Oceans. The new Republic of Indonesia, which lies at the centre of this area, has not become a member of the alliance.

THE PROBLEM OF ARMAMENTS AND THE SEARCH FOR SECURITY

In all the mutual defence alliances and regional security pacts the principle of the rights and obligations of the participating countries to build up their military forces is upheld. Usually the signatory to the pact undertakes to maintain military forces consistent with the need for national defence. In such cases the maintenance of armed forces is considered to be a factor promoting and preserving peace rather than tending to cause war. In support of the principle of arming for peace, it may be demonstrated that defenceless countries are too frequently taken over by their powerful neighbours.

On the other hand it may be pointed out that there is usually no limit to the magnitude of the armaments required by a country if the other countries embark upon an arms race. The burden of building a strong army, navy, and air force, of securing the most powerful and modern weapons, and of erecting adequate fortifications, may become so great that the country faces economic collapse and becomes a prey to subversive elements. Its citizens may be bled white by the tremendous drain on their resources in the attempt to build greater and greater military forces.

An example of the tremendous cost of maintaining strong defensive forces is seen in the fact that in 1950 the United States spent thirty billion dollars in the production of tanks, planes, ships, guns, and other war materials, for her own defence and for those to whom

she gave aid. This cost amounted to more than eighty million dollars for every day of the year, or nearly two hundred dollars per year for every person in the nation. Canada likewise has been spending vast amounts on defence building. In 1952 almost fifty per cent of her national revenue, over \$1,400,000,000, was spent on national defence. Both these nations were required to spend such amounts in order to feel secure even at a time when no major war was being waged.

In the meetings of the United Nations many suggestions have been made for reducing the cost of maintaining armed forces by a limitation or reduction of armaments. The United States delegate suggested a gradual and proportional reduction of armaments on the part of all nations, the plan to be carried out under United Nations supervision and providing for total and regular inspection. This suggestion was rejected by the Russian delegate who would agree to limited inspection only.

THE PROBLEM OF ATOMIC POWER

Since the first A-bomb destroyed Hiroshima in 1945, the very existence of such a terrible weapon for mass destruction has been a major concern of the United Nations and of statesmen in all countries. Various proposals have been made for the prohibition or control of its manufacture and use, but no agreement has been reached. One such plan, enunciated by the United States delegates to the United Nations Atomic Energy Commission and adopted by the majority of the members, called for the establishment of an international authority to control all uses of nuclear energy and to administer a programme of international inspection of all sources and production of atomic energy devices. The delegates from the Soviet Union countered this with a proposal that all nations should subscribe to a declaration outlawing the atomic bomb; that all existing stock-piles of A-bombs should be destroyed; that a public declaration of all atomic facilities should be made; and that a control commission operating within the framework of the United Nations Security Council should deal with the problems of atomic energy, making periodic inspection of declared atomic facilities. The Russian proposal was deemed inadequate because the safe-

guards of United Nations inspection would be incomplete, the operations of the Committee would depend upon the declaration of the country possessing the atomic facilities, and the work of the control committee would be subject to the veto in the Security Council.

Since the Atomic Energy Commission was established, the production of A-bombs has been greatly increased, and three nations—the United States, the United Kingdom, and the Soviet Union—have produced and tested various types of atomic weapons. A still more terrible weapon, the hydrogen bomb or H-bomb, has been tested and shown to have almost unlimited destructive force. Besides these bombs, the United States has produced atomic artillery and built an atomic-powered submarine, the *Nautilus*. The appalling power of the H-bomb tested by the United States in the Pacific, and the far-reaching effects of its radio-active materials, have resulted in insistent demands from many nations that it must not be used as a weapon in war-time, nor even exploded as a test in peace-time.

Experiments have shown that atomic energy has great possibilities for good in the fields of medicine, transportation, industry, and agriculture. On December 8, 1953, President Eisenhower proposed before the General Assembly of the United Nations that an international atomic energy agency be set up which would be responsible for firm control, storage, and protection, of the materials that go into the manufacture of hydrogen and atomic bombs. He urged a pooling of all sources of atomic energy and the development of its uses for peace-time needs, along with the gradual diminishing of the stock-piles already prepared for destruction and war. So far no agreement has been reached on the problems of international control or the outlawing of atomic weapons.

CHAPTER XV

THE UNITED NATIONS STRIVE FOR SECURITY

The Korean War marked an important milestone in the search for security because it involved for the first time the engagement of a strong international force for the prevention and possible elimination of armed aggression. Armed forces from a dozen democratic countries fought as a single body under the flag of the United Nations in response to a call from the Security Council for aid against the Communist invaders from North Korea.

When Japan collapsed at the end of the Second World War, her former territory of Korea was occupied by the armies of the United States in the south and by the Russians in the north, the dividing line being near the thirty-eighth parallel. In November 1947 the General Assembly ordered elections to be held throughout Korea in preparation for a national government, but the Russians refused to allow the United Nations Commission to enter North Korea to hold the elections. However, elections were held in the southern zone, and, on August 15, 1948, the Republic of Korea was established. A month later, the Russians proclaimed a Democratic People's Republic in North Korea, and thus the peninsula was divided into two states along the thirty-eighth parallel.

Early in 1949 thirty-two nations recognized the Republic of Korea as an independent state, and in the spring of 1950 the United States occupation troops withdrew from the country. On June 25, 1950, the Russian-trained armies of North Korea invaded the Republic whose ill-prepared defences collapsed. Immediately the Security Council called for a cessation of hostilities and the withdrawal of the Communist forces. When this demand was not met, the Security Council called on the United Nations members to furnish sufficient forces to repel the armed attack and restore peace.

On July 7, 1950, the Security Council placed all United Nations forces under the command of General MacArthur, employing for the first time an international force for the suppression of aggressive

action. Later, fifty-two nations approved this move when the matter was put to the General Assembly.

Unprepared and outnumbered, the United Nations forces in Korea were driven back until, after six weeks, they held only a small area around the port of Pusan. However, a strong armada of nearly three hundred ships landed forty thousand United Nations soldiers at Inchon near Seoul on September 15, and similar landings were made on the east coast. Within two weeks of the landings the North Korean invaders were routed and six of their divisions made prisoners. By September 30 the Republic of Korea had been cleared of all Communist forces. On October 7 the United Nations commander called for an end of hostilities, but received no reply from the North Koreans. Then, with the help of fifty thousand reinforcements landed at Wonsan, the United Nations armies moved northward toward the Manchurian border. Their purpose was to overthrow the leaders of North Korea and unify the whole country under a democratic government. Plans for relief and the rebuilding of the devastated country were already underway at Lake Success, and it appeared that at last there was an international organization capable of maintaining peace in the world.

But such hopes were soon shattered. On November 6 General MacArthur announced that a new foe was fighting against the United Nations forces. Communist China had entered the war in support of the North Koreans, and fresh troops equipped with Russian arms threw back the United Nations forces in bitter fighting. A major war seemed in the making, with the forces of North Korea and Communist China supported by help from the Soviet Union taking the field against the United Nations armies. The latter were once again on the defensive and suffered heavy losses, but by the end of 1950 a strong defence line had been established near the thirty-eighth parallel. By March 1951 the fighting in Korea had reached a stalemate, neither side being prepared to launch a major war, although costly attacks by the Communists continued until May.

On June 25, 1951, a year after the opening of the war, the Soviet delegate to the United Nations suggested talks regarding a cease-

fire in Korea. Negotiations began in July, but it was not until two years later that a truce was signed and actual hostilities came to an end. It may be too early to assess the full meaning of the Korean War and its outcome. On the positive side it may be stated that for the first time an international force had repelled aggression and restored a country. It showed also that an international force to maintain order is feasible. It may indicate that united action is a strong deterrent to aggression because no similar attack has occurred since the Korean War.

On the other hand this conflict showed the difficulty of being prepared for sudden attacks. If the United States forces had not already been in Japan nearby and had not undertaken to assist South Korea, it is very doubtful that help could have been given before that country was completely overcome. It revealed as well the futility of attempting to maintain peace by meetings around the conference table where more than two years were spent in fruitless arguments even after the actual conflict had reached a stalemate. Furthermore the cost to a country of participating in such action may appear so great that it is unwilling to contribute its forces unless the danger to itself seems imminent.

WORLD PEACE IS THREATENED IN MANY AREAS

In many parts of the world, and especially along the Iron Curtain, lie a number of states which have been potential or actual threats to the tranquillity of the world during recent months. The Communists, seeking to supplant the existing governments in these areas, have frequently fanned the fires of nationalism and have assumed the role of champions of oppressed peoples. In many instances the conflicts are confused, being in part the struggles of colonial peoples for independence and nationhood, but also the result of Communist propaganda and infiltration which would deny to the emerging nationals the very liberties they seek.

Eastern Asia, homeland of half the world's population, has many areas of unrest related directly to the cold war. United

Nations forces still stand guard in Korea protecting the republic from a renewal of the Communist threat there. Recently the scene of Communist expansion has shifted to south-east Asia, threatening the states of Viet-Nam, Laos, and Cambodia. In the autumn of 1954 the French and Viet-Nameese forces were defeated and the Communist leader, Ho Chi Minh, with aid from the leaders of Red China, succeeded in taking over the northern half of Viet-Nam with its rice-growing area and the city of Hanoi. The democracies fear that the rest of Indo-China will suffer a similar fate. In Malaya a drive against Communist guerrillas has been in progress for seven years, costing the British and Malays a quarter of a billion dollars. The Communists there are trying to cripple the production of tin and rubber which go to the United Kingdom and the United States and other democratic countries. Burma, which received her independence from Great Britain in 1948, has been involved in civil unrest as well as fighting Communist guerrillas under two flags ever since. These struggles have sapped the nation's strength and made it a likely victim of Red aggression.

The Middle East is especially important in the cold war on account of its vast resources of oil and chemicals. Iran has been a trouble-spot since the end of the Second World War, when Russian troops remained in Azerbaijan province and tried to annex that region. Late in 1954 a great Red spy network was uncovered, involving Iranians high in the councils of the state, and more than a score were executed for attempting to betray their country to the Soviet Union.

In Europe the two principal trouble-spots are the former enemy countries of Germany and Austria. Frequent clashes occur along the Iron Curtain, but it would appear that the defensive alliance, NATO, and the more recent Nine-Power Treaty of 1954 may act as a preventative against any large-scale conflict. On the other hand, it is certain that any outbreak of hostilities in this area involving any two of the opposing forces would immediately bring the whole world into armed conflict and precipitate a third World War.

The cold war has been carried even to Latin America. Under-

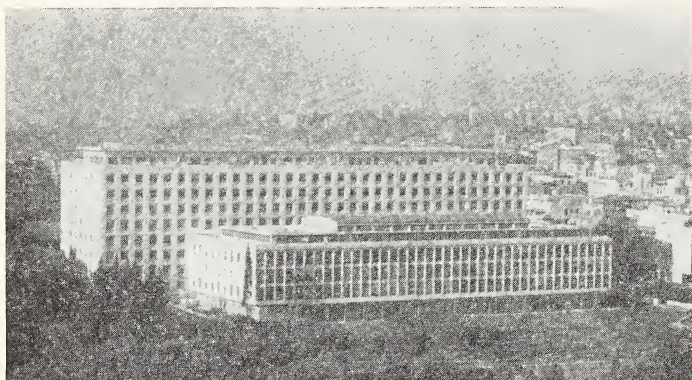
privileged peoples in these republics have been given large doses of Communist propaganda with the result that in a number of states attempts have been made to institute Communist regimes. The most serious threat took place in Guatemala in 1954. The danger lies not in the power of any American republic to commit aggression, but in the possibility of involving the Rio Pact nations in a hemisphere struggle that would give the other half of the world over to Communist infiltration and domination.

*United Nations*

A CANADIAN SOLDIER ADDRESSES THE SIXTH SESSION OF THE UNITED NATIONS GENERAL ASSEMBLY ON BEHALF OF THE UNITED NATIONS FORCES IN KOREA.

UNITED NATIONS CONTRIBUTIONS TO PEACE AND WELFARE

The United Nations Organization has a good record of achievements in many fields since its inception in 1945. Hindered by the cold war, its agencies have not been able to perform all they have attempted, and some reorganization of the United Nations may be both necessary and possible. A committee is already work-



FAO

HEADQUARTERS OF THE UNITED NATIONS FOOD AND AGRICULTURE ORGANIZATION IN ROME, ITALY

ing on proposed changes to be made in the U.N. Charter. Nonetheless, the United Nations, as an instrument for preserving peace and rendering aid, has accomplished much in its short history.

First and foremost, the United Nations has protected the autonomy of certain states. There is little doubt that the countries of Iran and the Republic of Korea owe their independence to the action of the United Nations in resisting aggression. It may well be that such protection has already saved other free states from similar attempts at conquest.

The United Nations has helped in the production of food in many parts of the world. One of the problems with which it tries to deal is that of an inadequate food supply, because the

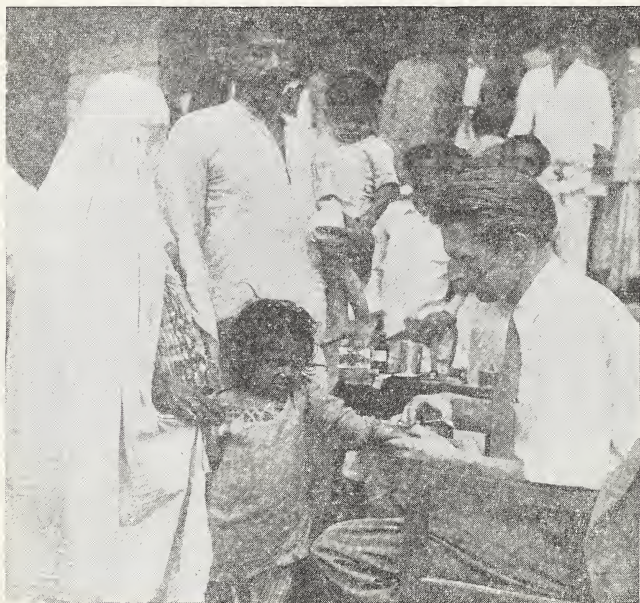
resulting malnutrition, disease, and famine, cause such appalling suffering in many Asian and African countries. The Food and Agriculture Organization (FAO) has done much to increase the food supply in these countries as well as in war-devastated Europe. Improvement of the rice crop in Thailand, the growth of a new strain of corn suitable for production in many countries, the prevention of hog cholera and bovine tuberculosis in Poland and the checking of rinderpest among cattle in China are just a few examples of its contribution. Besides these, the technical assistance program of UNESCO has done much to improve the industrial output of under-developed countries.

The World Health Organization (WHO) has improved and protected the health of many people. This United Nations organization is a four-hundred man crusade of doctors and other specialists to assist the seventy-five countries that have joined this agency. In a single year five thousand Greek villages have been sprayed to kill malarial mosquitoes. Afghanistan requested and received similar aid. In Europe tubercular inoculations were administered to millions of children. Teaching of better hygiene has been carried into many primitive areas with the result that infant mortality has been reduced and suffering alleviated.

The United Nations has improved the social status of many people. The Trusteeship Council hears complaints of native peoples against the occupying powers and considers suggestions for the welfare of subject races. In this day of rising nationalism, the United Nations tries to bring native peoples to the level at which they may safely undertake self-government. Thus, through help from UNESCO, Italian Somaliland is to be prepared for autonomy by the year 1960. UNICEF is another agency that has done much to provide clothing, food, drugs, and medical care, to millions of children in Europe, Asia, Africa, and Latin America. Money to provide and transport these necessities is donated by clubs, schools, and service organizations in many lands, setting an example of the international co-operation which the United Nations is attempting to build.

The Declaration of Human Rights was adopted by forty-eight members in the United Nations in December 1948, Canada being

one of them. It is an endeavour to have all nations recognize the dignity and worth of the individual and extend to him his rights as a human being. The Declaration deals with such fundamental human rights as freedom from arbitrary arrest, the right to travel



United Nations

ANTI-TUBERCULOSIS CAMPAIGN IN PAKISTAN

A Pakistani child is inoculated by a member of one of the medical teams sponsored by UNICEF, WHO, and the Scandinavian Relief Societies.

within a country, the right to possess a nationality, the right to marry, the right to work, the right to enjoy liberty of conscience, and the prohibition of slavery and inhuman treatment.

The United Nations has encouraged international travel. Realizing the need for free and uninterrupted traffic among all countries,

the United Nations has endeavoured to have all nations admit citizens of other countries freely. In the field of civil aviation, the specialized agency ICAO maintains nine weather stations serviced by twenty-one weather ships in the North Atlantic Ocean. These ships not only aid in making the weather forecast, but also help fliers plot their positions.

Commissions to restore peace are maintained by the United Nations. There is little doubt that there would have been much greater suffering and bloodshed following the outbreaks of fighting in Palestine, Indonesia, and Kashmir, if the United Nations had not sent commissions to these areas to arrange for a cease-fire and eventual settlement of the dispute in each case.

The United Nations Secretariat gathers statistical data for all the world. In this age of specialization and mass production, it is necessary that complete and accurate information be compiled on many subjects such as world population, agricultural production, health statistics, trade and industrial progress, as well as many others.

STRENGTHS AND WEAKNESSES OF THE UNITED NATIONS

The United Nations is not a world government and therefore it cannot legislate for any state or for all of them. It is instead a voluntary association of states. It has no armed forces except those assigned to it by the individual members acting under their own free will and according to their own national interests. As an international force for world peace, the United Nations is only as strong as the combined will for peace of all its members.

The weaknesses of the United Nations are only those of any international organization that exists in a nationalistic world. The annual cost of administering its affairs amounts to slightly over thirty million dollars a year, an infinitesimal sum compared with the cost of modern wars. This money must be paid into the general fund regularly by all the member states; otherwise the organization cannot function properly. If any of the members fails to contribute the allotted amount, the United Nations is weakened to that extent. The division of the member states into two hostile camps, with some members giving active support to neither side, is another

source of weakness and has already had unfortunate results in the over-all efforts to preserve peace. Very seldom is a problem dealt with fully and on its merits; too often sides are drawn and the discussion becomes an occasion for spreading propaganda and attempting to block any worthwhile action toward international well-being.

The power of the veto is another source of weakness. This privilege has been used nearly a hundred times by the Russian delegates to stop action by the Security Council, the organ in which the veto is operative. When the United Nations Charter was framed, it was decided to give each state, whether large or small, a single vote in the decisions of the General Assembly, making no differences between them. However, in the constitution of the Security Council, the body responsible for the direct maintenance of peace and prevention of aggression, it was recognized that the real responsibility for peace must lie with the five Great Powers—the United Kingdom, France, the United States, the Soviet Union, and China—and that in any major conflict or action these members would have to contribute the greatest shares. In recognition of this role, the Big Five were given permanent seats on the Security Council; and the veto power was instituted to prevent smaller states from forcing their will upon the Big Five members or upon any one of them. It was understood, however, that the veto should be used with discretion and only for the safety and welfare of the member employing it. The effect has been most unexpected. The Russian delegates have used the veto to prevent discussion and debate upon issues brought before the Security Council, to prohibit the applications of new states for membership in the United Nations, and to thwart action against aggression. The action of the Security Council in calling for aid against the North Koreans in 1950 could not have been taken if the Soviet delegate had not been absent at the time, attempting to place a permanent veto on the deliberations of the Security Council until such time as that body would submit to his demands that the seat occupied by the Nationalist Chinese should be given to Communist China. This question of the veto privilege has ham-

pered the work of the Security Council and thrown much of its responsibility onto the General Assembly.

A further weakness of the United Nations results indirectly from the veto privilege. The applications for membership by several of the more important powers have been vetoed by members of the Security Council. These powers, in 1954, are Germany, Japan, Italy, Communist China, Austria, Hungary, Rumania, Finland, and Spain. As matters stand at present, there seems little possibility of the removal of the veto power or of the acceptance of applications by these states for membership in the United Nations.

The strong features of the United Nations are evident in its international character, since it is made up of sixty nations including all the Commonwealth countries, the Soviet Union, and the United States; in the fact that nations are free to express their points of view and make their voices heard around the world; in the desire of all nations to retain their membership; and in the actions of eighteen nations which gave their man-power and wealth to resist armed aggression in the Korean War. Of the sixty member-nations in the Organization, more than fifty usually vote together on any important issue, showing that the democracies have general and strong support. Furthermore, the horror and destructiveness of the recent world war have left such a deep impression on most nations that they are unwilling at the present time to risk another major conflict.

THE SEARCH FOR SECURITY IS NOT OVER

This unit has dealt with the unending search for some means of preserving peace. The causes and effects of events that have destroyed peace in the twentieth century have been reviewed. Present day threats to peace have been studied. It is plainly evident that modern wars have become so costly in every way that they must be avoided if at all possible. The leaders of the democracies are well aware of this and are doing their utmost to preserve peace. They know that the economic losses are staggering in a global war, causing destruction of natural resources, creating huge public debts, bringing on famine, and requiring reconstruction on a gigantic scale. The cost of the Second World War was a thousand billion

dollars. In the social sphere, war causes loss of respect for life, destroys the young and fit, brings about physical deterioration of the race, and even threatens its extermination. In the moral sphere, war encourages unnatural and immoral conditions and undermines the very factors upon which the lasting strength of a society or people depend.

War seldom settles disputes, but it frequently raises animosities which lead to new outbreaks of violence. In a modern war there is no winner—all are losers in varying degrees. This can be seen in the records of all nations that fought in the First World War. This knowledge of the effects of modern global warfare accounts in large part for the present attempts to avoid another war and to prepare adequate defences against attack. In itself, this knowledge is a strong factor towards preserving peace.

The other factors that assist in preventing or delaying the outbreak of hostilities should be reviewed. First of these is the United Nations before which all problems relating to international tensions may be aired and solutions sought. Then there are the several regional security pacts and alliances such as NATO, the Nine-Power Treaty, the Rio Pact, and SEATO. Besides these there are the Council of Europe and the Colombo Plan designed to promote better understanding between nations and to satisfy material and cultural needs. These are all positive aids towards the preservation of peace. On the negative side it may be pointed out that even the possession of atomic and hydrogen bombs and other atomic weapons are also safeguards for peace because they have a strong deterrent effect upon any nation or group contemplating war. In the final analysis it may be said that the key to lasting peace must be sought, not in deterrents to war, but in the will for peace and the desire on the part of men and nations to promote the welfare of the whole human race.

Unit Four

Nationalism and the Modern World

POINT OF VIEW

Nationalism was the force responsible for much of the conflict of the nineteenth century. Nationalism wedded to liberalism provided the dynamic which made possible heroic achievements in the cause of national freedom. That one group of people should control another was an idea abhorrent to the patriots who rose from the ranks of the subjugated peoples. The drive for national autonomy became an integral part of European culture and found concrete expression in such countries as Greece, Italy, and Germany.

The influence of nationalism can be seen in the settlements of the Versailles treaty, and the map of Europe after the First World War provides clear evidence of the power of an idea; the emergence of the numerous new European states was a direct result of the principle of self-determination. The period between the two World Wars saw the growth of a nationalism divorced from liberalism, which constituted a grave threat to individual freedom.

This unit reviews the effects of the striving for national expression within the British Commonwealth. Canada was the first of the British colonies to achieve nationhood, thus establishing a pattern for subsequent changes in the Commonwealth. These changes, which resulted in the modern Commonwealth, were brought about by the force of nationalism operating among the various peoples of the empire. The unit also reviews the effect of European nationalism on colonial peoples in Asia and Africa. No other western concept, except perhaps industrialism, has created quite the same turmoil among the colonial peoples.

The purpose of this unit is to trace the growth of nationalism throughout the world, and to show its impact upon imperialism and upon international alignments.

CHAPTER XVI

THE COLONIAL BACKGROUND

At the beginning of the eighteenth century there had come into existence in the New World a group of European communities whose character and interests were already different from those of the mother countries. The colonies which the European states had planted in America were meant to increase the power and wealth of the various homelands. But as the number of settlers grew, these colonies developed a sense of their own interests as distinct from those of Europe, and a feeling of strength and independence which made them more and more determined to handle their own affairs without European interference.

A spirit of freedom was in fact an almost inevitable growth in the new lands across the Atlantic. Their remoteness from Europe, the pioneer conditions in the colonies, the outlook which developed as a result of these factors, meant that the colonies had their own needs and their own aspirations which were not always understood or appreciated by governments three thousand miles away. The result was a growing divergence which led to the rise of a nationalist sentiment in nearly all the colonies in America. By the end of the eighteenth century it was certain that they would sooner or later insist on controlling their own destinies, either in association with the mother country as in the case of Canada, or in complete independence as in the case of most of the other states on the continent.

Just as England presented a contrast to her European neighbours through her development of parliamentary institutions, so the English colonies were unique in possessing a real measure of self-government. The institutions to which Englishmen were accustomed at home were carried with them to new lands, and the comparative indifference of the English monarchs allowed the steady development of representative government in the colonies.

This did not mean that the colonists were immune from all interference. They elected their own assemblies, but in all except two of the colonies the governor was appointed, either by the Crown or

by the proprietors to whom the colony had been granted. In most of the colonies there was also an appointed upper house. The governor as a rule exercised very considerable authority as the direct agent of the Crown, and acted as a restraint upon the elected assembly. There were other practical limitations. Colonial legislatures were supposed to deal only with local matters, and it was a rule that their laws should conform "as near as may be" to the laws of England. When these bounds were overstepped, the home government might disallow the offending act, or the Privy Council might declare it invalid. Parliament, too, might pass laws which were binding on the colonies, such as the Navigation Acts. The measure of self-government enjoyed by the colonies was very real, but it was exercised under such limitations as the home government chose to impose.

The British conquest of New France, which marked the end of one era in colonial development, ushered in another which was a turning point in the history of North America. The acquisition of Canada in 1763 placed Britain in control of the whole eastern half of the continent. Her chief enemy had been defeated and stripped of her empire. The English colonies were at last free from the menace that had hung over them for the better part of a century. It seemed that the way had been cleared for a new and confident expansion, and that Britain could embark on a policy which would create a mighty and united empire in the New World.

These prospects were completely falsified by the outcome. Though Britain had new opportunities, she also faced new problems. These involved the adjustment of her relations, not only with her new colonial possessions, but with her older ones as well. The process of exercising a more effective directing authority over the colonies led to serious interference with the colonists and their interests. British interference was promptly answered by colonial resistance. By this time the Americans had developed the beginnings of a nationalist sentiment. They were conscious of a difference in interests and outlook from the mother country. Their confidence in their ability to handle their own affairs was increased by the elimination of the danger from New France. They felt less need of British help and less willingness to accept British control. They were ready for a wider measure of self-government at the very time that the mother

country embarked upon an effort to tighten the bonds of empire; and the result of the effort at greater unity was the shattering of the empire by the American revolution.

CANADA AND THE REVOLUTION

When the Americans rose in rebellion they hoped that all the colonies in North America would join. Both Quebec and Nova Scotia, however, remained aloof. While these colonies had their grievances, they were not the same as those of the older colonies, and they were offset by other factors. The Americans resented the restrictions on western settlement; but neither Quebec nor Nova Scotia was greatly concerned, and the annexation of the western territory to Quebec in 1774 was heartily welcomed by the fur traders in that province. There was no serious complaint against the Navigation Acts in colonies where commerce and shipping were still in their infancy, and neither the Stamp Act nor the Townshend duties roused serious agitation.

In fact, the British connection, which had come to seem burdensome to the colonies which joined the revolution, was a positive benefit to those which remained aloof. They were still in a position where the mercantile system was of real advantage to them. The older colonies objected to restraints on their trade with foreign lands. But Nova Scotia and Quebec sent most of their exports to Britain, and depended on her for manufactured goods. The mother country helped with the expenses of government and spent money on public works. British garrisons, whose presence caused so much friction in the older colonies, were welcome in Nova Scotia and Quebec because of the money they spent there, and their removal would be a serious blow to local prosperity. In Nova Scotia self-government had already been granted, and the home government showed itself ready to curb any abuses of authority by the local governors. Nova Scotians had no desire to fight against their relatives in New England and would resist any effort to force them into the army. But once they were relieved on this prospect, they found that the profits to be gained from supplying the British forces—supplemented occasionally by an illicit trade with New England—placed them in an advantageous position which they did not want to lose.

THE QUEBEC ACT

In Canada the situation was more complex. Here a small body of English settlers, chiefly merchants, had been added to an overwhelmingly French population. The Proclamation of 1763 had promised an assembly as well as English laws to the colony. But when it seemed clear that no large number of English settlers would come to Quebec, the promise was thrown over. Governor Carleton expressed his conviction that the colony would remain French to the end of time. It was therefore of the utmost importance to secure the loyalty of the population, and he believed that this could be done by satisfying their leaders, the clergy and the seigniors.

This was the object of the Quebec Act of 1774. It confirmed the system of seigniorial tenure. It granted full rights to the Catholic church, including the collection of the tithe. It introduced English criminal law, but left French civil law in force. And instead of creating an elective assembly, it vested power in a governor and an appointed council on which French Catholics were allowed to serve.

The English merchants burned with resentment, and their indignation led some of them to express sympathy with the rebellious colonies to the south. When it came to joining the revolt, however, most of the merchants hung back. Their interests were bound up with their commercial connection with England, and a severance of that connection, even by joining a temporary boycott such as the older colonies had adopted, would face them with ruin.

The overtures of the Americans to the French population met with only slightly more success. The French leaders were generally cool toward the colonists who were their traditional enemies, and they had been largely conciliated by the Quebec Act. Congress tried to tell them that the Act was meant to keep them from discovering the blessings of liberty. But Congress had only recently attacked the British government for its concessions to the Catholic church and its creation of a despotic government, and its new pretensions made little impression on intelligent leaders among the French.

The habitant however was less favourable toward the Quebec Act. It gave him security for his religion, but it also revived certain



BOUNDARIES UNDER THE QUEBEC ACT

feudal privileges of the seigniors, much to his dislike. He also disliked the governor's defence measures, which involved forced labour and requisitioning of supplies and the prospect that the habitant might be forced into the army. At first there was a tendency to welcome the Americans as opponents of the British, particularly when the invaders paid for supplies in hard cash. But when the cash ran out and the Americans seized supplies from those who would not accept paper money, and when American soldiers showed their disrespect for the Catholic religion, the first goodwill evaporated. The real desire of most of the habitants was to stay out of the quarrel, and the influence of the clergy did much to keep them from siding with the revolution.

The Americans felt that it was important to remove any danger of an attack from Canada. When persuasion failed, they decided on invasion. In the autumn of 1775 a force under General Montgomery advanced by way of Lake Champlain and captured Montreal, while another under Benedict Arnold set out through the Maine wilderness to surprise Quebec. The two forces joined in an attack on Quebec, but they were beaten back when they launched an assault under cover of a snowstorm on the night of December 31. Next spring brought British reinforcements which enabled Carleton to drive the invaders from Canada. The effort to use Quebec as a base against the revolutionaries failed however with the defeat of Burgoyne in 1777, and Canada ceased to play any serious part in the war. There were later proposals for American and French attacks on both Quebec and Nova Scotia, but they came to nothing. The revolution ended with both these provinces still under British rule.

THE COMING OF THE LOYALISTS

The success of the revolution meant the disruption of the British empire and a new partitioning of the continent of North America. Canada faced a new and independent neighbour to the south, and Canada itself was transformed by the outcome. The coming of the loyalists brought an influx which not only increased the population but profoundly changed the racial balance in the province of Quebec.

All through the revolution there had been a northward drift of Loyalists to the provinces which still accepted British rule. When peace was signed there was a still greater movement of people who wanted to retain their British connection or to escape persecution at the hands of the victorious revolutionaries. Nova Scotia received an influx of perhaps 40,000 which overwhelmed the original population and brought into being the new colonies of New Brunswick and Prince Edward Island. The numbers coming to Canada were smaller, and much less than the existing French population. But they represented the advance tide of a pioneering wave which continued during succeeding years, and which ultimately filled the Ontario peninsula with English-speaking settlers.

For it was not only Loyalists who came to the province in the years following the revolution. There were others whose loyalty during the revolution had been dubious, but who saw a chance of bettering their fortunes by taking up new lands in the west. They did not always find what they wanted below the border. But in Ontario small free grants were available to any who would profess their loyalty, and many settlers who might otherwise have remained in the United States took advantage of this offer. As a result, some 10,000 settlers of various sorts arrived in Canada during the decade after 1781.

THE NEW CONSTITUTION

This influx had important political consequences. The Quebec Act had been drawn up in the belief that the English in Canada would never amount to more than a handful. But now a wave of English Protestant settlers was flowing in, and the newcomers were certain to demand changes. They would not be satisfied to hold land under a seignior, or to live under French civil law, and they were certain to demand the type of self-government to which they were accustomed in place of the unrepresentative system created by the Quebec Act.

The British government soon recognized that concessions must be made. The English merchants had long demanded an assembly. Now they were supported by the new settlers. The French leaders, it is true, objected to an assembly on the ground that it would be

a taxing machine. But taxes were going to be imposed in any event, and British statesmen had just passed through a sad experience as a result of their attempt to tax the colonies from London. Imperial distrust of colonial assemblies had been increased by the revolution, but it was recognized that Canada could no longer be denied representative government.

The outcome was the Constitutional Act of 1791. It provided for the division of Quebec into Upper and Lower Canada, thus making it possible to leave the French with the privileges they had gained under the Quebec Act, while the English in Upper Canada would be free from the seigniorial system and from French civil law. Both provinces were given elective assemblies; but the elective element was balanced by strengthening the organs of authority. The governor was made the effective agent of imperial control. An appointed council was added to the popular assembly. The church was also looked to as an instrument of stability and authority, and land reserves were provided for the support of a Protestant clergy, with the further intention that Protestantism should be encouraged in order to balance the position granted to Catholicism under the Quebec Act.

There was some hope that Upper Canada as a separate province would flourish to such an extent under purely English institutions that the French would be moved to abandon their older ways in order to share the benefits enjoyed by their neighbours. This hope was disappointed by events; but representative institutions had now been made general throughout British North America, and would provide a means by which the struggle for democratic government, stimulated by the American example to the south, could be carried on successfully in Canada during the next half-century.

MOVING TOWARD REBELLION

This system worked adequately so long as there was no serious opposition between the appointed and the elected branches of the government. Unfortunately a time arrived when this condition no longer existed. Serious conflicts developed in each colony between a small conservative group which controlled the Legislative and Executive Councils, and public opinion expressed through the

elected Assembly. The party which controlled the Councils was able to block any attempts by the Assembly to pass measures of reform. It worked closely with the governor who was generally conservative in his sympathies, and it called in the authority of the home government to support its resistance to democratic demands. But in setting itself up in opposition to the popular will it helped to convince a large part of the electorate of the need for more democratic government. A demand arose for more effective popular control of both the legislature and the executive which would make possible the adoption of the policies which the majority desired, and for a greater freedom for the colony to manage its own affairs without interference from the authorities in London.

The conflict developed first of all in Lower Canada. It had been hoped that the creation of a separate French province would avert any racial conflict and allow the French to develop representative government along acceptable lines. But Lower Canada was not entirely French. There was an influential group of English merchants, particularly in Montreal, who resented their separation from Upper Canada and were unwilling to accept complete French domination. Behind this racial difference lay profound divisions of economic interests and social outlook. The English merchants wanted an active and progressive policy which would encourage the commerce of the colony and develop its resources and population. They wanted canals to improve the navigation of the St. Lawrence and immigration to fill the vacant lands and build up a prosperous colony. The French on the other hand wanted a stable community with agriculture rather than commerce as its basis. They feared that immigration would increase the influence of the English minority, that canals would involve the taxing of the French habitant for the benefit of the English merchant, and that English settlement would swamp the French and threaten the religious and cultural as well as the racial distinctiveness which they wished to maintain.

Out of these divergencies there arose a political conflict in Lower Canada. It took form in 1805 when the question arose whether funds should be raised by a land tax which would fall chiefly on the French, or by customs duties which would affect the English

merchants. The issue was aggravated a few years later by the governor's action in suppressing a French paper which had been critical of the government. It was further broadened by the effort of the French to prevent measures which would favour immigration. This split between the two racial groups developed into a conflict between the Assembly and the Council. The French were in control of the Assembly, and used their power to prevent the adoption of measures which were not in their own interest. The English minority fell back on their control of the Council to protect their own position. The French in the Assembly soon realized that in order to force their will on the governor and Council, they must secure complete control of the finances. The government had funds from land sales and customs duties which were outside the control of the Assembly and which gave the executive a measure of independence. The Assembly sought to bring these funds as well as the taxes which it voted under its own authority, and from 1819 this became the central feature of a struggle which steadily grew in bitterness.

By that time a political conflict had begun to develop in Upper Canada as well. Here there were no racial divisions to complicate the issue. There was general agreement on the need for immigration and the desirability of public works such as roads and canals. There was however a sense of division between the conservative and Loyalist groups who were strong in the Legislative and Executive Councils, and the settlers who had entered from the United States in the years after the revolution. The suspicion with which the ruling group viewed these American settlers was increased by the War of 1812, and was reflected in the restrictions on American immigration which were adopted after the war.

At the root of the growing political friction lay economic grievances. The pioneer began to feel that the government was neglecting him in favour of the merchants and the moneyed class. The authorities spent money on canals but neglected the roads and mills and schools which were desperately needed by the settlers. The cost of canals meant a rising debt and increased taxation, and many farmers resented the burdens which seemed to be imposed for the benefit of a small privileged group that was closely connected with the government.

Another grievance was the Clergy Reserves. These lands were scattered in lots of 200 acres through the various districts, and often lay idle from failure to rent or sell them. They developed into an economic nuisance which hampered the building of roads and mills and the growth of local centres. They also represented discrimination between the various religious bodies. The Reserves were set aside "for the support and maintenance of a Protestant clergy." The Anglicans claimed that the lands in consequence belonged to the Church of England. In practice other Protestant churches got a share of the proceeds, but their right to this share was a matter of heated controversy. It embittered the religious conflict which arose over other matters such as the Anglican ascendancy in education and the refusal to dissenting sects of the right to hold property or conduct marriage services. The Methodists under Egerton Ryerson embarked on a battle for equal rights, and religious issues came to play an impassioned part in provincial politics.

This unrest focussed on the system of government. In both Upper and Lower Canada a feeling arose that affairs were in the hands of a self-interested oligarchy. In Lower Canada the Chateau Clique in control of the Councils and in alliance with the governor opposed the Assembly's demand for full control of policy. In Upper Canada the so-called Family Compact embodied the political ascendancy of a privileged Anglican church and a small group of officials allied with the moneyed interests of the province. In both colonies the demand grew for a wider measure of popular control and for greater freedom from the restraining authority of the British government.

The British government on its part made several attempts to conciliate the growing opposition. In 1828 it appointed the Canada Committee to find some solution. The report of the Committee accepted the principle of leaving local affairs to the provinces and confining interference by the home government to imperial matters. But while the recommendations seemed too generous to the Tories in Canada, they failed to satisfy the reformers, and the report was never even debated. Attempts by various governors to pursue a moderate policy on instructions from London were also without avail. The ruling groups in both provinces

maintained a successful resistance to democracy, and the home government supported them in principle even when it disapproved of their more extreme actions.

Thus a situation arose in which the more advanced reformers, seeing no hope of gaining their ends under the existing system, began to advocate fundamental changes. In Lower Canada a leader emerged in Louis-Joseph Papineau whose object was to gain supreme power for the Assembly. In particular he wanted the Legislative Council to be elected instead of appointed, to gain for the Assembly unrestricted control over finances, and to check English immigration in the interests of French ascendancy. The desires and grievances of the majority—which included some English reformers—were summed up in the Ninety-Two Resolutions of 1834; and when the home government failed to take action, the Assembly refused to vote any funds until its demands were met.

In Upper Canada the chief figure was William Lyon Mackenzie. He was less dominant than Papineau, for moderates such as Robert Baldwin were unwilling to press their opposition to a point where it might bring all government to a standstill. But friction grew between the Assembly and successive governors, until in 1836 the Assembly of Upper Canada followed that of Lower Canada in refusing to vote funds. The governor, Sir Francis Bond Head, retaliated by calling an election and appealing to the country against the reformers, and his success in this step only added to the exasperation.

The tone of the Radicals now grew violent. Papineau praised American institutions and advocated a boycott of English goods in language which called up memories of the American revolution. The alarmed Tories banded themselves together and began arming and drilling to resist the threat of a Radical outbreak. Mackenzie in Upper Canada began on his part to organize a series of mass meetings, and his followers were arming themselves for the forcible overthrow of the existing government.

The outcome was the rebellion of 1837. Exasperation with the refusal of the government to remedy popular grievances was aggravated by economic depression, and efforts by the authorities to seize the leading Radicals in Lower Canada precipitated armed resistance which passed into attempted revolution. When the govern-

ment of Upper Canada sent most of the available troops to the aid of the sister province, Mackenzie and his followers gathered in an armed effort to achieve complete independence.

Both movements were suppressed with comparative ease. But in spite of its failure the rebellion awakened the British government to the seriousness of the situation. A new and comprehensive effort was made to deal with the Canadian problem, and the man selected to devise a remedy was Lord Durham.

CHAPTER XVII

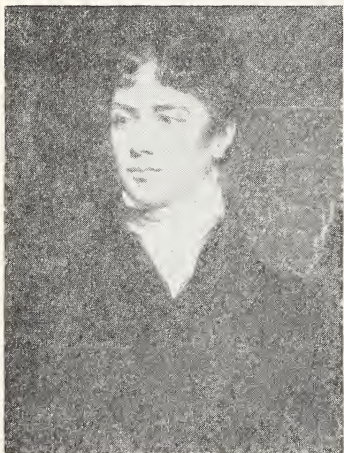
THE WINNING OF RESPONSIBLE GOVERNMENT

Lord Durham's report marks a landmark in the development of Canadian self-government and the evolution of the British Commonwealth of Nations. He was sent out to find the causes and suggest the remedies for Canadian discontent. His penetrating intelligence grasped from the outset the basic fact that these must be sought, not merely in local conditions, but in the existing relations between the colonies and the mother country. He saw the inescapable contradiction between representative government in the colonies and the maintenance of strict imperial control over colonial affairs. His robust faith in the possibility of combining colonial freedom with imperial unity showed him where the solution lay. He believed that it was in trusting the colonies rather than in dominating them that Britain would find the fullest assurance of their continued loyalty. The suggestions which he made with regard to self-government in Canada could be applied with equal effect to the other parts of the empire; and it was the gradual application of the principles laid down in his report that resulted in the rise of the Dominions and the evolution from the old empire to the modern Commonwealth.

LORD DURHAM'S REPORT

As far as the internal difficulties in Canada itself were concerned, Durham's analysis was based on a conviction that their real root lay in the racial problem. He felt there was no hope of reconciling French and English, and that the only alternative was English supremacy. To achieve this it was necessary to provide a government that would really reflect the popular will instead of being the instrument of a small group, and to allow that government to function without interference from the authorities at home. As things stood there was an unalterable antagonism between the two races and a chronic state of conflict between the elected and appointed bodies in the government. The racial conflict could be

decided by a policy which would establish beyond question the English character of Canada, and either absorb the French or place them in an ineffectual minority. The constitutional struggle could be settled by placing power in the hands of men acceptable to the elected representatives instead of supporting officials whose



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LORD DURHAM

actions were almost uniformly at variance with the popular desires. It was urgent that action be taken at once. "That decision, to be of any avail, must be prompt and final," Durham insisted, "for the evils I had it in charge to remedy, are evils which no civilized community can long continue to bear."

In the course of his report, Durham made a number of suggestions on specific matters. He considered that the lack of municipal institutions in Lower Canada was a major defect which should be remedied at once. He felt that the Legislative Council was an unsatisfactory institution

whose nature and composition must somehow be changed. The land system he regarded as a question of the first importance. It was fundamental for the prosperity of the province, the contentment of the settlers, and the encouraging of the British immigration which would build up "that vast population which those ample and fertile territories are fit and destined hereafter to support." But these points, important as they were, were secondary to the three outstanding recommendations which were the foundation of the report.

The first was the union of the two Canadas. Durham had originally favoured a federation of all British North America. But he soon realized that the state of communications made this impractical for the present, and there was the added disadvantage

that Lower Canada would still be left as a predominantly French province. A union of the Canadas, on the other hand, would submerge the French in what must eventually become a predominantly English colony. Durham would conciliate the French by maintaining the guarantees of their religion, but he wished to wipe out existing differences in language and laws and institutions. He believed that union on this basis would lead the French to "abandon their vain hopes of nationality" and to recognize and accept the need to become English in outlook as well as in allegiance. At the same time, union would end the revenue disputes which had periodically arisen between the provinces. It would permit the adoption of a progressive policy, including the construction of canals, which was essential to the development of the colony. It would provide the necessary funds by a more adequate policy of taxation than the French had been willing to adopt. It would remove the obstacles which the French had tried to place in the way of immigration, and so clear the way for the work of expansion which was so desirable.

Even more striking was Durham's recommendation of responsible government. "It is difficult to understand," he wrote, "how any English statesman could have imagined that representative and irresponsible government could be successfully combined." He vigorously rejected the idea that self-government would lead to the loss of the colonies. He insisted that the patient and fervent attachment of the Canadians to the mother country deserved to be recognized and rewarded. He asserted that the Canadian people were worthy of trust. He believed that the grant of British liberties would strengthen the sentiment of loyalty rather than the desire for independence. "It is not in the terrors of the law, or in the might of our armies, that the secure and honourable bond of connection is to be found. It exists in the beneficial operation of those British institutions which link the utmost development of freedom and civilization with the stable authority of an hereditary monarchy."

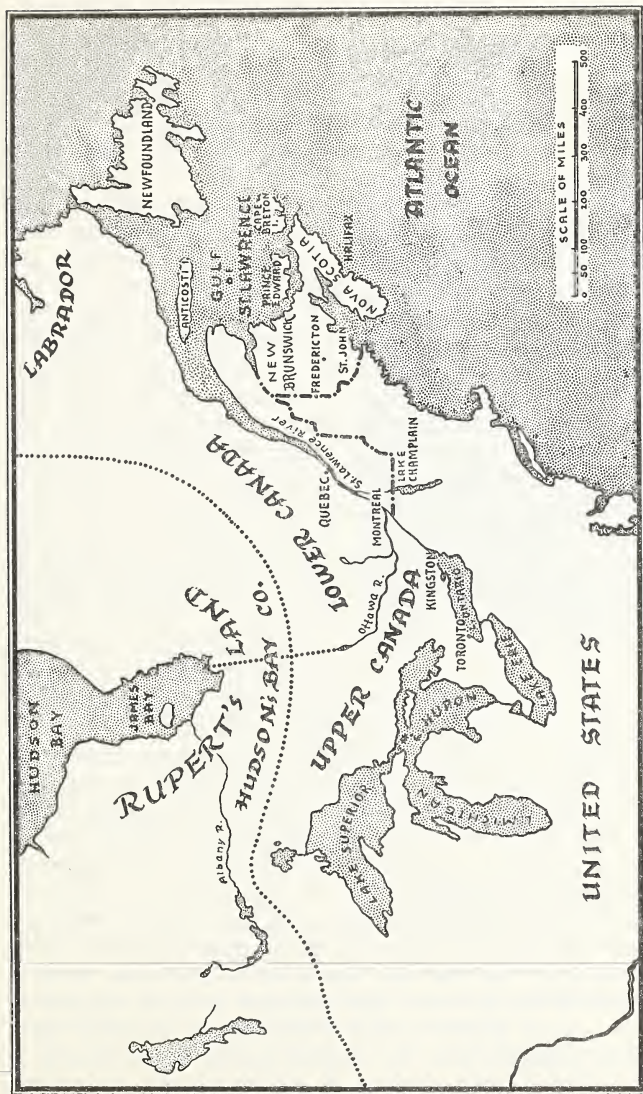
This inevitably implied a reduction of British control over colonial affairs. His third recommendation was therefore the definite separation of local from imperial matters. By carrying on the colonial government in harmony with the wishes of the people, not only would internal tranquillity be restored, but the threat to good relations between the colony and the mother country would be

eliminated. It was only in matters which involved the interests of the mother country and the empire that Britain should interfere. These matters were very few—the colonial constitution, control of foreign relations and of imperial and foreign trade, and the disposal of public lands. If these matters were reserved for the imperial legislature, everything else could be left to the Canadian government. This freedom would not weaken imperial authority. On the contrary, it was the vexatious interference by the home government with the internal affairs of the colony that was the real danger to imperial relations.

The report marked a completely new departure in imperial affairs. It pointed the way to the true path of development—the maintenance of imperial unity not by keeping the colonies rigidly subordinate, but by allowing a progressive development of their freedom. But Durham's generous vision was not at once accepted by the home government. In Canada itself the report aroused considerable resentment. The French were outraged by the low opinion of their culture and their capacities which Durham so frankly expressed. The Family Compact in Upper Canada resented Durham's criticisms and disliked the idea of union as well as the prospect of responsible government. What was more important, the home government either ignored or misapplied Durham's chief recommendations, and so prolonged the struggle which he had hoped to solve.

THE STRUGGLE FOR RESPONSIBLE GOVERNMENT

The union of the provinces was indeed effected in 1841. But it was carried out on a very different basis from that which Durham had suggested. He recognized that at first the French would have a majority. But he believed that this would soon be overcome as the population grew, and he issued a strong warning against giving equal representation to the two sections. That, he said, would defeat the very purpose of the measure which was to bring about the absorption of the French. The British government ignored the warning. In their desire to increase English influence they gave Upper and Lower Canada an equal number of members in the new legislature. The result was what Durham had prophesied.



BRITISH NORTH AMERICA 1837

The French, determined to vindicate their racial heritage and to strengthen their national solidarity, used their position to prevent absorption and to encourage racial separatism, and the outcome was seen in the continued friction which marked the political history of the united province.

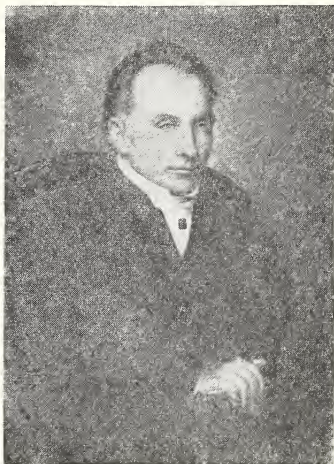
There was also a refusal to draw a distinct line between local affairs and imperial matters. In the end this was probably beneficial. It allowed not only Canada but the other self-governing colonies to acquire steadily broader powers, and preserved that flexibility which has been a salient feature of the evolution of the Commonwealth. But at the time it represented a reluctance on the part of Britain to relinquish her discretionary power of interference; and it involved a rejection of the most important of Durham's recommendations, the concession of responsible government.

It is doubtful whether Durham contemplated the grant of responsible government in its fullest modern sense. "Every purpose of popular control," he wrote, "might be combined with every advantage of vesting the immediate choice of advisers in the Crown, were the old colonial governor instructed to secure the co-operation of the Assembly in his policy, by entrusting its administration to such men as could command a majority." Such a procedure might not necessarily involve the adoption of the British cabinet system, in which ministers are drawn from the majority party in Parliament and act as a coherent body which is collectively responsible to the House of Commons. Under that system the Prime Minister chooses his colleagues, and matters of policy are decided by the Cabinet as advisers to the Crown. But Durham seemed to imply that the governor would be an active and directing force who decided on measures and chose his own ministers, restricted only by the need to secure approval for both from the majority in the Assembly.

That in fact was the attitude of Poulett Thomson, who was appointed governor in 1839 and created Lord Sydenham in the following year. His first task was to secure Canadian assent to the union of the provinces. He succeeded in Lower Canada by calling a special council instead of reviving the Assembly, which had been suspended after the rebellion, and in Upper Canada by personal efforts which rallied moderate opinion and enabled him

to carry the proposals against the opposition of the Family Compact. But he also had the task of conducting the new government in a way that would secure the support of the majority without surrendering the power of the governor. This was a dilemma which could only be solved by building up a majority which would support the governor and his policies. In the elections of 1841 Sydenham became his own party leader and manager; and although he did not succeed in creating a solid majority of his own, he could continue his positive control so long as he could keep the support of the moderate members of the Assembly.

But a system of this sort was far from satisfying the reformers. In Upper Canada, Robert Baldwin now emerged as their leader, and his chief aim was to secure explicit recognition of the principle of responsible government and its expression through a true cabinet system on British lines. The elections made it possible to press the issue. French Canada had returned a solid block of twenty members under the leadership of Louis Hippolyte Lafontaine. If these would unite with the reformers of Upper Canada, the combined party would have a majority. Francis Hincks worked successfully to bring Baldwin and Lafontaine together. Baldwin, who had previously accepted a post in the ministry, now demanded that his conservative colleagues should be dismissed and replaced by a cabinet composed of reformers. When Sydenham refused, Baldwin resigned, and brought forward five resolutions which asserted the duty of the governor to accept the advice of his ministers and the responsibility of those ministers to the Assembly.



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ROBERT BALDWIN

The resolutions were defeated, but the result brought responsible government one step nearer. In order to rally his moderate sup-

porters against Baldwin, Sydenham had one of them introduce an alternative series of resolutions.¹ These omitted the specific assertion of the responsibility of ministers, and so preserved the authority of the governor; but they did concede the necessity of his acting through the ministers who possessed the confidence of the majority, and so made it more difficult to retain control if once he lost his grip on the Assembly.

This was shown by the difficulties of Sir Charles Bagot, who became governor in 1842 after Sydenham's death. Sydenham's personality had enabled him to hold his support in the legislature. But it was a precarious hold, and one which Bagot found it impossible to maintain. It was essential to rally some new support, and the most practical thing seemed to be to win over Lafontaine. It was not an easy task, for the French were suspicious of any co-operation with the government. But eventually Lafontaine consented to enter the ministry if Baldwin were also included, and Bagot agreed. It was a partial victory for the governor. He had staved off a complete reform ministry by persuading the reform leaders to enter a coalition over which Bagot could still exercise a directing influence. But it alarmed the Tories in Canada and aroused misgivings among the Tories in England. When Bagot died shortly afterwards, the home government sent out Sir Charles Metcalfe to take a firm stand against any further encroachments on the governor's authority.

It was an almost hopeless task. The new governor was soon at odds with Baldwin and Lafontaine. A crisis arose over the control of patronage which brought the resignation of these two ministers. The result was to confront the government with an opposition majority in the Assembly. A turbulent election in 1844 reduced the strength of the reformers, but although they were outnumbered by the supporters of the government, it was by a slim margin which any new crisis might easily overturn.

RESPONSIBLE GOVERNMENT IN THE MARITIMES

Meanwhile a political struggle along similar lines was moving toward a climax in the Maritime provinces. Here too in the years

¹For the two sets of resolutions, see W. P. M. Kennedy, *Statutes, Treaties and Documents of the Canadian Constitution*, 457-8

after 1830 a conflict developed between popular sentiment and a ruling oligarchy. In Prince Edward Island there was a solid grievance against the absentee landlords who owned most of the lands of the province, and against the governor and Council who blocked all efforts at remedy. In New Brunswick a rivalry developed between the St. John merchants and the Fredericton officials, and in the rural areas there developed an opposition to both these groups. But it was in Nova Scotia that the issue became most active, largely owing to the leadership of Joseph Howe.

In 1826 a controversy arose in Nova Scotia between the Councils and the Assembly over control of the customs revenue. It developed into a popular movement against the Halifax oligarchy and the Councils through which a group of merchants and officials was able to block the popular will. Howe, who entered journalism and founded his own paper *The Novascotian* in 1827, became interested in public affairs and began to attack specific abuses in justice and administration. His charges resulted in a libel suit against him in 1835, and his defence not only won him an acquittal but made him a public figure. Next year he was elected to the Assembly and embarked on a campaign for responsible government.

By 1839 he was involved in a direct controversy with the home government. Lord John Russell had insisted that the governor could not be responsible both to the Colonial Office and to the local legislature. Howe replied in four open letters which attacked the whole idea of colonial subjection and insisted on the ability as well as the right of the colonies to operate the unrestricted system of British representative government with ministers responsible to



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JOSEPH HOWE

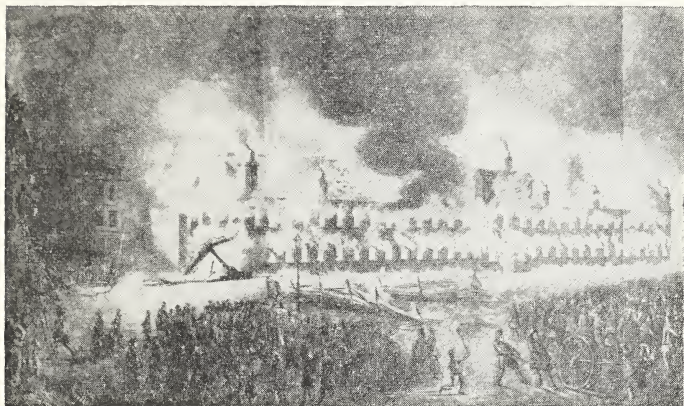
the majority. "We seek nothing more than British subjects are entitled to," he asserted, "but we will be content with nothing less."

From Lord John Russell himself came an opportunity to press these claims still more effectively. In a despatch to Sydenham on October 14, 1839, Russell repeated his opposition to responsible government. But in another despatch two days later he instructed Sydenham that he had a right to change his officials and ministers "as often as any sufficient motives of public policy may suggest the expediency." Howe saw that all that was needed was for the governor to take advantage of this permission. No new laws were necessary to change the constitution. Let the governor appoint the leaders of the majority to office and accept their advice on all matters of policy, and responsible government would become an established fact.

Howe's progress, like that of Baldwin, was slow but none the less real. He secured the recall of one governor who refused to dismiss his ministers after a vote of no confidence. But he weakened himself when he consented to join a coalition ministry, and his later resignation plunged him into a battle in which he made little progress for several years. Those years, however, saw changes in England which were to be decisive for British North America. The cause of free trade was steadily gaining, and with it the acceptance of *laissez-faire* in imperial matters. In 1846 the Corn Laws were repealed. The old protective system was shattered, and the Conservative Party was split as a result. The Whigs returned to office no longer so determined to uphold imperial authority as they had been a decade before. Despatches to the governor of Nova Scotia now made it clear that he was expected to bow to the popular will.

The result was shown in 1848. At the close of the previous year an election gave the reformers a majority in Nova Scotia. When the Assembly met, its vote of no confidence resulted in the resignation of the existing administration and the entry into power of a coherent reform ministry responsible to the majority party in the Assembly. It meant the concession of responsible government, not merely for one colony, but ultimately for all. In Canada Lord Elgin was now governor. He shared the faith of his father-in-law Durham in freedom as the basis of the imperial connection. He

added a faith in the French which Durham had avowedly lacked. He was convinced that resistance to colonial aspirations could no longer be maintained, and that the alternative to responsible government would be a new rebellion. When the reformers won the elections of 1847, he considered that his course was clear. In March, 1848, a definite reform cabinet under Baldwin and Lafon-



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THE BURNING OF THE PARLIAMENT HOUSE IN MONTREAL, 1849

taine came into office. Any question that might have remained about the position of the governor was settled next year by the Rebellion Losses Bill. This was a measure put forward by the ministry with the support of a majority in the Assembly. As such Elgin felt that his duty was to accept it. The fury of its Conservative opponents was expressed in riots which reached a climax in the burning of the parliament buildings in Montreal and the stoning of the governor himself. But his action was decisive for the issue. Control had at last been surrendered by the home government through its representative into the hands of the people of Canada, at least in matters of purely Canadian concern.

THE COMPLETION OF RESPONSIBLE GOVERNMENT

In the years that followed the full implications of the new freedom were made manifest. The governor ceased to be the person who was chiefly responsible for the framing and carrying out the policies of the government. He was still an influential figure whose views and advice carried considerable weight. He had the power to step in when imperial interests were at stake. But he left the ordinary business of government to his ministers, and the home government generally refrained from interfering with their decisions.

The most striking example of this development was the extension of autonomy from the political to the economic field. The British government, when it conceded the right of the colony to pass its own tariff laws, had expected that Canada would follow the example of the mother country and adopt a policy of free trade. But a rising protectionist sentiment in Canada, accompanied by the government's need for more revenue, led in 1859 to the adoption of a new tariff which was to be applied against British as well as foreign goods. British manufacturers rushed to the Colonial Office with indignant protests which were passed on to the Canadian government. The reply of Sir Alexander Galt, the author of the new tariff, was a vigorous assertion of Canada's right to make her own decisions. "Self-government would be utterly annihilated," he wrote, "if the views of the imperial government were to be preferred to those of the people of Canada. It is, therefore, the duty of the present government distinctly to affirm the right of the Canadian people to adjust the taxation of the people in the way they deem best." When the British government acquiesced in this position, a new landmark was reached in the advance of Canadian autonomy.

There were still significant restrictions on that autonomy. The British parliament could still pass laws for Canada and the rest of the empire. Foreign affairs remained wholly in the hands of the home government. The British ministry might disallow Canadian acts, and the Privy Council might declare them unconstitutional. But most of these powers were used sparingly, and the gains already achieved formed a solid basis for a continued advance toward complete self-government and full national status.

They also offered precedents which could be extended from Canada to the empire as a whole. The problems raised in Canada, and the solutions applied there, pointed the path for the other self-governing colonies. The stalwart faith of Lord Durham had its vindication in the years that followed. Australia and New Zealand and South Africa in turn benefited from the grant of responsible government which had first been won by Canada. The idea of subordinate colonies began to give way to the concept of free communities united voluntarily with the mother country in a Commonwealth of Nations. With the granting of responsible government the Second British Empire approached its close, and the evolution began along the new lines leading to the Commonwealth of today.

CHAPTER XVIII

THE PRELUDE TO CONFEDERATION

When Lord Durham first came to Canada, one of the things he hoped to achieve was a union of all the provinces of British North America. It took him only a short time after his arrival to realize that this hope was premature. The forces making for unity were so weak that they were almost non-existent. There was as yet no common sense of a Canadian nationality. The different provinces shared a loyalty to Great Britain but had little sense of community with each other. They had comparatively few contacts of a kind which might create common interests. Geographical barriers between the Maritimes and Canada made communications difficult. The various provinces offered little in the way of markets for each other's products, and transportation difficulties further hindered the growth of trade between them. Until these obstacles were overcome there was little hope that political unity could be achieved.

During the next quarter of a century, however, there were varied forces at work which drew the colonies closer to one another. All of them were confronted with problems which they were unable to solve by themselves. Changes in internal structure and economy, combined with changes in the policies and attitudes of both Britain and the United States, gave rise to increasing difficulties. Trade and transportation became serious questions which forced the provinces to look outside their own borders for remedies. The strained relations with the United States which developed during the Civil War raised a wide variety of problems, including that of defence against a possible attack from across the border. The provinces were forced to draw together for mutual support, and in the process they laid the foundation for the federation of Canada.

THE PROBLEM OF TRADE

The hope that the union of the two Canadas would open an era of economic expansion was soon disappointed. The union made it

possible to complete the system of canals along the St. Lawrence; but the expectation that this would make the St. Lawrence the great commercial highway between Europe and the American west came to nothing. On the one hand, the opening of the Erie Canal and the later development of railways in the United States offered more efficient routes between the seaboard and the middle west. On the other, the hope that American grain and other products might be tempted to use the Canadian route in order to gain the advantage of preference in British markets was ruined when Britain abandoned the old mercantile system and adopted free trade.

The repeal of the Corn Laws by Britain in 1846 was a particularly serious blow to Canada. Only three years before, the Canada Corn Act had offered special preference to Canadian wheat and flour, in terms which made it possible for American wheat to take advantage of these favourable provisions by passing through Canada to the British market. It encouraged the belief that the new canals would prove profitable, and that a Canadian milling industry would spring up to grind American wheat into flour for export to Britain. The repeal of the Corn Laws shattered these hopes by depriving Canadian products of any advantage over foreign competitors. Canadian merchants raised indignant and despairing protests. They were already resentful of the political changes resulting from Responsible Government which seemed to open the way for French ascendancy. Now the mother country had struck a blow at Canadian commercial prosperity. Many Conservatives felt that the British government had betrayed its most loyal supporters, and that the imperial connection had now lost its value.

This feeling found expression in a movement for annexation to the United States. Canada could not solve her commercial problems alone. Britain seemed to have lost interest in helping her to find a solution. To certain Conservatives it seemed that the alternative was to turn to the United States and to share the growing prosperity of that country. This move would have the added advantage of averting French ascendancy by merging Canada in a wider English-speaking community. In 1849 a group of Montreal leaders launched the movement with a manifesto calling for separation from Britain and annexation to the United States.

The enterprise came to nothing. Conservatives in Upper Canada were not ready to follow those in Montreal in repudiating their previous traditions. The British government vigorously condemned the movement and instructed the governor to resist it. The United States showed little official interest in the project. The dawn of a more prosperous period in Canada weakened the chief motive, and an alternative solution to the trade problem was soon afterwards achieved by the negotiation of a reciprocity agreement with the United States.

This was a step which affected the Maritimes as well as Canada. While Canadians were discovering that the United States offered a market for their natural products which might compensate for the loss of their privileged position in Britain, they were also finding it difficult to gain full access to that market. Protectionist sentiment in the northern states was against concessions, and the south suspected that closer trade relations might be a first step toward annexation of Canada and the strengthening of the power of the north. But if Americans showed little interest in Canadian trade, they were by this time acutely concerned over their relation to the fisheries of the Maritimes. At the close of the American revolution the Americans had been allowed to retain most of their former right to fish the inshore waters along the coasts of Newfoundland and Nova Scotia. They had lost this right after the War of 1812, and a treaty of 1818 forbade them to fish within three miles of shore. But they claimed that this still allowed them to fish inside the larger bays and inlets, in spite of the efforts of Nova Scotia to prevent them. By 1851 the controversy had become serious, with Britain sending warships to guard the fisheries and the United States sending naval forces to protect the fishermen. Both sides realized the danger of an armed clash and were anxious to avoid it by reaching a settlement.

Canada saw a chance to link the fisheries with reciprocity in order to strike a bargain. The United States was willing to make trade concessions in order to secure an agreement on the fisheries. Britain felt that trade concessions might satisfy the colonies and make it possible to reach an agreement on the fisheries with the United States. The Maritime Provinces, and particularly Nova Scotia, were more dubious about the value of reciprocity as com-

pensation for a surrender of their claims on the fisheries. But Britain could over-ride their objections by the use of her treaty-making power, and Lord Elgin as Governor-General of Canada was urging the importance of securing trade concessions. In 1854 the Reciprocity agreement was concluded. It allowed mutual access to the coastal fisheries of both countries, and provided for free entry into both countries of a list of natural products including fish and coal and timber. The agreement was to last for ten years.

The result was a considerable expansion of trade between the two countries. Other factors contributed to this, but the treaty had an undoubted effect. The Maritimes sent fresh fish and sawn lumber to American markets. Canada exported agricultural products. Trade between the two countries doubled during the period of the treaty, to the benefit of all the parties concerned.

The Civil War however dealt a fatal blow to this arrangement. The war resulted in serious friction between the United States and Canada, and American hostility was expressed in an attack on the Reciprocity agreement. This gained support from protectionist interests, including the fishing and lumbering industries, who were pressing for a high tariff. There was also a feeling that Canada was dependent on trade with the United States and would be forced to seek annexation if this were cut off. For all these reasons the United States decided to end the treaty in 1866. Once more the trade system of Canada and the Maritimes received a rude shock. With British preference lost and American markets partly closed by a high tariff, the provinces felt more seriously than ever the need to develop an active trade with each other.

THE RAILWAY PROBLEM

Closely connected with the question of trade was that of transportation. Reciprocity gave a new impetus to the effort to develop the St. Lawrence as the most direct route between Europe and the American west. It was now obvious that this could not be done by canals alone, particularly when the St. Lawrence and the port of Montreal were blocked by ice for nearly half the year. By the end of the 1840's Canadians had turned their attention to railways as one means of reviving commercial prosperity.

The desire of Montreal for a winter outlet was helped by American regulations after 1845 which allowed goods to pass through the United States free of duty. This meant that products destined for Europe could be shipped to an American port. Interested business men in Montreal and in Portland, Maine, at once embarked on the project of a railway to connect the two towns. The result was the construction of the St. Lawrence and Atlantic—the first international railway ever built.

It soon became part of a wider scheme. It was natural that the promoters should think of providing traffic for the railway by extending it to tap the trade of the middle west. From such ideas grew the Grand Trunk Railway, incorporating the St. Lawrence and Atlantic and extending ultimately to Chicago. Here was a new system of communications 1,100 miles long which supplemented the canals and even competed with them. Its purpose was not so much to serve the Canadian territory through which it ran as to provide a fast through route between the upper lakes and the seacoast—a route which its promoters believed would be shorter and cheaper than any offered by American lines.

Meanwhile the Maritimes had also begun to think of increasing their commercial activities by tapping the trade of the interior. They felt that their ports, which were closer to Britain than were those of the United States, might become centres of the Atlantic trade if they could only establish a railway connection with the St. Lawrence. The chief difficulty was funds. A railway from Halifax to Quebec was too costly an undertaking for the combined resources of Nova Scotia and New Brunswick. Canada was ready to help, but even that would not cover the whole cost. If the road was to be built, financial aid must come from Britain. All through the 1850's there were efforts to reach an agreement. But there were differences over the route which the railway should follow, as well as over the actual financing of the road, and the decade passed without anything being achieved.

In 1861 however the project was revived. One reason for the renewed effort is to be found in the financial difficulties of the Grand Trunk. The vast flow of through traffic for which it was designed had failed to materialize. Local traffic was far too small

to carry the costs of the railway. In spite of lavish government subsidies, the Grand Trunk was in a state of almost chronic bankruptcy. In the hope of increasing its revenues, the management evolved the idea of building a transcontinental line which would bring settlement to the west and provide a fast route between the Atlantic and the Pacific. It was hoped that this would become a main link between Europe and the Orient; and as part of this scheme, the building of a railway to connect Canada and the Maritimes was almost a necessity.

This in turn was closely connected with the situation created by the American Civil War. Hostile feeling in the United States, which led to the cancelling of the Reciprocity treaty, also threatened to bring an end to the bonding privileges which allowed the Grand Trunk to carry Canadian exports across American soil without paying duty. This would mean that Portland would no longer be a practical outlet; and for full security, the Grand Trunk felt that it must secure a rail connection with St. John or Halifax. In the end negotiations once more fell through; but the need for the railway remained, and the need for co-operation to secure it was a strong factor in drawing the provinces together.

THE PROBLEM OF THE WEST

While Canada was thus developing an interest in the Maritimes, her attention was also being directed increasingly toward the west. The best land had been taken up within the province, and it was growing harder to find an outlet for an expanding population. The United States had the broad and fertile lands of the middle west to provide for a steadily advancing tide of settlement. But the province of Canada was separated from the prairies by the wilderness which stretched to the north of the Great Lakes. A few pioneers pushed on to the Red River, but most Canadians who sought new lands found it more convenient to cross the line into the United States.

Distance was not the only obstacle. The rule of the Hudson's Bay Company also discouraged settlement in the Canadian west. Lord Selkirk had planted the foundations of a colony on the Red River in 1812. But the Company was chiefly interested in the fur trade and feared that this would be harmed by any increase in

settlement. They were reluctant to encourage immigration into the west, or even to aid in the opening of communications. The Canadian government sharply attacked this policy, and even tried to get the Company's charter declared illegal. They failed in their efforts, and in any case there was little prospect that Canada itself could take over effective control of the west until transportation difficulties had been solved. That condition however was being brought nearer by the project of a transcontinental railway; and by 1860 a growing expansionist sentiment in Canada was agitating for the opening of the prairies to Canadian settlement.

Out on the Pacific coast new problems were also arising. The loss of Oregon showed the need for building up a strong settlement unless the rest of the coast was to be absorbed in its turn by the United States. But the effort to establish a flourishing colony on Vancouver Island had little success, and on the mainland of British Columbia there was no settlement until the discovery of gold on the Fraser river in 1858. The strike came just when the gold boom in California was declining, and it brought thousands of miners rushing to the new area. This created a new settlement which was made a crown colony, as had already been done in the case of Vancouver Island. But both these colonies were remote and isolated communities whose future was precarious, and consequently Canada's interest in the prairies was soon extended to the Pacific coast.

There was good reason for a growing concern. By 1860 the advancing tide of American settlement had reached the borders of the Hudson's Bay Company's territories, and some American settlers were already drifting across the line. American railways were extending westward, and the transport connection they provided with the Red River was far more important than any that existed between the prairies and Canada. American settlers were ready to urge the extension of the rule of the United States over this area, and they secured considerable support in that country, particularly when the Civil War brought a growing feeling of hostility toward Britain and Canada. In British Columbia too there was considerable annexationist sentiment. If the west was to be preserved, the time had come for vigorous and united action by the older provinces of Canada.

THE PROBLEM OF DEFENCE

In matters of trade and communications and territorial expansion, the attitude of the United States was thus a grave threat to Canadian interests and prospects. Added to this was the danger that the two countries might find themselves once more at war with each other. The Civil War brought a period of strained relations between the United States and Britain. Americans felt that British sympathies were on the side of the south. A number of episodes heightened ill-feeling between the two countries. A violent controversy arose when an American naval captain stopped the British ship *Trent* on the high seas and seized two Confederate agents who were on board. Britain was accused of allowing the south to build commerce raiders in British ports and escape with them to prey on northern commerce. Opinion on both sides was inflamed; and if war should break out, Canada would be immediately involved.

The danger was increased by American resentment against Canada herself. Canadian sentiment on the whole was on the side of the north, and large numbers of Canadian volunteers served with the northern forces. But Confederate agents tried to use Canada as a base for plots against the United States, and the Canadian government was not completely successful in suppressing them. The most serious episode occurred in 1864 when a group of Confederates launched a raid from Canada against the village of St. Alban's in Vermont, burning a number of buildings and robbing the local bank. Even though Canadians were not responsible, there were plenty of Americans who felt hotly indignant at Canada for permitting such an outrage.

So strong was this feeling that many Canadians feared an American attempt to conquer Canada once the Civil War was over. The danger was aggravated by the frontier disturbances for which the Fenians were responsible. Irish hatred of Britain, which swelled the anti-British feeling in the United States, found in this period of strained relations a chance to strike a blow at Britain by attacking Canada. The Fenian efforts by themselves were not very threatening. The most serious was in 1866 when 1,500 men crossed the Niagara frontier but retired after a brush with Canadian volunteers at Ridgeway. But for the next four

years the Fenian threat continued, and there was real danger that the disturbances might end by provoking a clash between Canada and the United States. This situation arose just at a time when Britain was preparing to withdraw her troops from North America and leave the colonies to bear the chief burden of their own defence. There was little chance that they could stand out singly against the veteran armies of the United States. A more effective union was urgently necessary if defence was to have any prospect of success.

POLITICAL DEADLOCK IN CANADA

To all these varied problems there was added the failure of the union of the two Canadas to solve their political and racial problems. Although the two sections were in theory united under a single government, in practice they had to be treated as two separate communities. Seigniorial tenure was abolished, but the French retained their own religion and their own laws as established under the Quebec Act. They also retained their own cultural and racial outlook, and their political solidarity completely falsified Durham's hope that union would lead to a fusion of the two races.

In the early days of responsible government the French and English reformers had acted together. By 1854 this connection was broken. The naturally conservative tendencies of the French asserted themselves, and drew them to the moderate English conservatives under John A. Macdonald. As the strongest single political group, the French were able to prevent the passage of measures unfavourable to their interests. At the same time they abandoned much of their former opposition to the English mercantile group, and on this basis the leaders of the two races were able to evolve a harmonious working alliance.

This however did not bring political stability. The English conservative leaders could secure the support of the French majority, but they failed to win a majority among the English of Upper Canada. The Clear Grits under George Brown emerged as an opposition party based on wide popular support. They resented the French Catholic ascendancy which they blamed for various measures, including the creation of the separate school system in

English-speaking Canada. As the English population grew, they attacked the system of equal representation which had been granted to the two sections at the time of the union, and demanded representation by population. They found allies in French Canada in a small group known as the *Parti Rouge*, but their attacks antagonized the great mass of the French population and kept alive the sense of racial conflict.

At the same time the Grits opposed the business interests who supported the English Conservatives. They were particularly suspicious of the railway interests, including the Grand Trunk. They demanded democratic reforms such as universal suffrage and short parliaments and the secret ballot which they believed would make the government more truly representative of the will of the people; and they showed a growing desire to dissolve the union in order that Ontario might be free to adopt its own policies without reference to the French.



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GEORGE BROWN

A situation soon arose in which it was increasingly difficult to form a stable government. The English Conservatives and their French allies could normally count on a majority. But it was never a large one, and the desertion of a few followers was enough to bring the fall of the ministry. The Grits were dominant in Ontario but had little support in Quebec, and they were seldom able to gain power for more than a brief period. By 1864 the even balance of forces had produced a complete political deadlock. Four ministries had fallen in the past two years, and two elections had failed to provide a remedy. Only a completely new basis offered any hope of a solution.

By that date a combination of circumstances offered strong motives for an attempt to unite all the provinces. Federation

would make them stronger for purposes of defence. It would pave the way for the opening of the west which would provide lands for Canadian settlers and markets for the products of the growing Canadian industries. It would make it easier to build the railways which Canada and the Maritimes both desired. It would offer a way out of the political deadlock and economic stagnation with which Canada found herself confronted. And to aid in its achievement there was at last developing a sense of Canadian nationality and a vision of the great destiny which might be achieved by a union of British North America. There was a desire to retain Canada's connection with Britain in the face of the annexationist sentiment which was developing in the United States. But there was also a desire to assert Canada's aspirations for still greater freedom within the British Empire, and to complete the evolution of responsible government by the attainment of full national status.

CHAPTER XIX

THE COMING OF CONFEDERATION

The pressing incentives for closer union which the provinces felt in the early 1860's presented a unique opportunity to statesmen of vision. The idea of bringing the whole of British North America together as a single nation had already fired the imagination of a number of Canadian leaders. Now they had a chance to realize it if they acted boldly and vigorously. The achievement of unity was favoured by a combination of circumstances such as had never existed before and might not soon recur. It was because leading men from all sections were ready to seize this fleeting opportunity and use it to the fullest advantage that the Dominion of Canada came into being.

Even then the task was by no means easy. Although the forces of unity had been stimulated by both internal and external developments, there was no widespread popular movement in favour of Confederation. The work rested in the hands of a small group of political and business leaders. It was necessary for them to explain the project to the people at large and to win public support for the new arrangements. This meant that the plan of Confederation had to satisfy the sectional feelings which were still strong and the sectional as well as the national interests which must be served. Ontario had to be convinced that the difficulties experienced under the union would be overcome by the new scheme. Quebec had to be assured that the rights of the French, particularly in matters of language and religion and education, would be preserved. The Maritimes had to be persuaded that the building of railways and the opening of the west would offset the burdens which Confederation would impose on them. All sections had to be roused to a sense of common interests which were more urgent than their local concerns.

The actual frame of government that was devised had to satisfy these necessities. It must be strong enough to serve the broad national purposes which the union sought to achieve. Yet it

must leave the provinces in control of purely local affairs. Neither Quebec nor the Maritimes would accept a plan which would abolish the provinces entirely. This meant that a federal form of government had to be worked out. But it must also be a type of government which would be based on Canada's continued connection with the British crown and her retention of the basic principles and forms of the British constitution. The harmonizing of an American federal system with the British system of parliamentary government was not the least achievement of the Fathers of Confederation.

The British government itself was a vitally important factor in the situation. Any change in the political relations of the colonies had to have the sanction of the imperial authorities. The proposed constitution had to be passed into law by the British parliament. There were members of the British government who were doubtful about the wisdom and even the possibility of Canadian union, and who feared that union would hasten the day when Canada would separate herself from the empire. These doubts had to be overcome before the scheme could be carried to completion. It was necessary to gain not merely the approval of the home government, but its positive help in overcoming opposition within the provinces; and it was the success of the Fathers in persuading the British authorities to lend their fullest support that finally assured the adoption of Confederation.

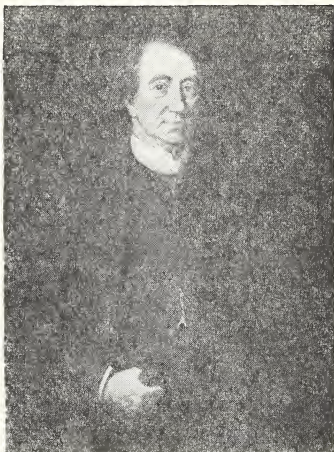
NEGOTIATIONS FOR CONFEDERATION

The possibility of federation had long been urged by Sir Alexander Galt. The Conservatives under Sir John Macdonald were now ready to adopt it as a way out of the existing deadlock. A fresh and powerful impetus came from George Brown. He and the Grit party which he led had come to the conclusion that even representation by population offered no real solution for the political difficulties of Canada. A dissolution of the union would merely restore the unsatisfactory state of affairs that had existed before 1840. But if to a Canada divided into two separate provinces there could be added the west, united with them under a federal government, a more hopeful prospect would be opened up. Quite apart from

the economic advantages, it would leave English Ontario and French Quebec to manage their own local affairs, neither interfering with the other. But matters of common concern would be under federal control, and the settlement of the west would increase the English-speaking population and give it a dominant voice in the national government. In March 1864 Brown carried a motion for an inquiry into the possibilities of federation, and in June he and two of his followers agreed to break the political deadlock by joining in a coalition with Macdonald and the Conservatives on condition that the carrying of federation should become the chief purpose of the new ministry.

There were still differences of opinion about the nature of the project. Sir John Macdonald disliked the idea of a federal basis and wanted the provinces to be merged under a single government. But this idea of a "legislative union" proved impracticable. Quebec clung to its special privileges and wanted a basis which would give it some security against an English majority. The Maritime Provinces were not willing to see their own governments completely abolished. Brown on his part had wanted to leave the Maritimes out of the union for the present. But the French-Canadians felt that the inclusion of the Maritimes would somehow balance the entry of the west, and the decision was taken to work for a union of all British North America.

Negotiations with the Maritimes were helped by the fact that they were at that moment preparing to discuss a union among themselves. The failure of the efforts to secure Canadian help for the Intercolonial Railway, coupled with the desire for wider trade and for economies in government, resulted in the calling of a confer-



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SIR JOHN A. MACDONALD

ence at Charlottetown in the autumn of 1864. This was an opportunity which the Canadians immediately grasped. They asked to be allowed to send delegates to present their wider proposals; and when this was agreed to, the idea of Maritime union fell into the background. There was only a faint chance of its success, for neither New Brunswick nor Prince Edward Island showed much enthusiasm for the idea. When the Canadians at Charlottetown explained their scheme for a federation of all the provinces, the Maritime delegates agreed to postpone their own discussions and to join in a general conference at Quebec in October 1864. Although the idea of Maritime union still lingered on, it was never seriously revived as a practical project.

THE QUEBEC CONFERENCE

In eighteen days of discussion the delegates at Quebec evolved 72 resolutions which with some slight adjustments became the constitution of Canada. Although there was general agreement on the broad lines of the new national government, some of the details produced considerable argument and had to be settled by compromise. It was clear that Macdonald's idea of a legislative union which would abolish the provinces would be completely unacceptable to Quebec or the Maritimes. On the other hand there was a desire for a strong national government and a willingness to limit the powers of the provinces to local affairs. There was still some discussion as to the actual extent of those powers; but once the principle of federation was accepted, it was comparatively easy to reach an agreement which placed wide powers in the hands of the central government yet which left to the provinces their independent authority over matters of a purely provincial nature.

The structure of the new government also provoked discussion on certain details. There was little disagreement over the form of the executive. Continued loyalty to the Crown, and the desire to follow the model of the British constitution as far as circumstances allowed, meant that the executive authority would be formally vested in the Queen acting through the Governor-General, and practically exercised by the Canadian cabinet on the lines of the British system. A Canadian House of Commons would provide

popular representation based on population. It was agreed that Quebec with a fixed representation of 65 members should provide the standard, and that the number of members from the other provinces should vary according to the proportion which their population bore to that of Quebec. A second house, the Senate, would act as a conservative body whose purpose was particularly to safeguard property rights and sectional interests.

The basis of the Senate was however a matter for heated discussion. In the United States the Senate was the embodiment of the federal principle. Its members were appointed by the states, and each state had an equal number of representatives. In Canada there was a much closer approach to representation by population for the upper as well as for the lower house. Instead of equality for the provinces, a regional basis was adopted, with 24 members each from Ontario, Quebec and the Maritimes. There was some protest against the proposed distribution on the part of the smaller provinces, and Prince Edward Island in particular felt that her interests would not be adequately protected by the small representation conceded to her in either house. There was also some argument over the method by which senators should be chosen. A number of the delegates favoured direct election, and there was also some support for the appointment of senators by the provinces. In the end however there was agreement on the regional basis of representation and on federal appointment of senators for life, but with the first senators to be nominated by the provinces.

The most prolonged struggle however was over the distribution of financial powers. If the federal government was to be vested with the chief powers and obligations, it must have the bulk of the revenue in order to carry out its functions, particularly since it was to take over the greater part of the provincial debts. But while the central government was given unlimited powers of taxation, it was felt necessary to protect this in practice by restricting the taxing powers of the provinces. Yet some method must be found of assuring them an adequate revenue to carry on the functions such as education and roads and hospitals which had been left to them. By a somewhat complicated calculation of what the previous cost of provincial government had been and what revenue they might be expected to raise after they had sur-

rendered the power of indirect taxation, it was decided that annual subsidies should be handed over to the provinces by the federal government, and that these should be composed of certain fixed sums plus grants based on population and amounting to eighty cents a head. The basis soon had to be modified to satisfy the demands of the Maritimes, and even so it gave rise to opposition at the time and to resentment in the years that followed.

One other economic question intruded on these constitutional deliberations. That was the problem of the Intercolonial Railway. The building of this line was one of the chief benefits which the Maritimes expected from Confederation, and they wanted it definitely guaranteed. Some of the Canadian delegates such as George Brown were however more interested in acquiring the west than in establishing a railway connection with the east; and it was only after the Maritime delegates had agreed that the inclusion of the west should be made an early object of the national government that a definite promise was made to undertake the construction of the Intercolonial Railway—a promise which was written directly into the constitution of Canada.

THE CREATION OF THE DOMINION

Certain other arrangements were completed in the later discussions which took place in London. There the delegates from four provinces (for Prince Edward Island and Newfoundland had in the meantime withdrawn from the negotiations) met to complete the necessary arrangements, and later to draft the necessary Act in conference with British officials. One of the problems was education. It had been decided to leave this to the provinces; but there was concern over the position of Protestant schools in Quebec, and the French-Canadians showed themselves determined to insist on the separate school system in Ontario to which Brown and the Grits were so much opposed. It had been decided at Quebec that the constitution should guarantee such rights in education as any group possessed at the time of the Union. But both sides were now seeking to strengthen and extend their own privileges, and a serious conflict threatened as a result. In the end however the original agreement was allowed to stand, protecting existing minority rights

but leaving it to the provinces to decide whether any further concessions should be granted.

Two other changes may be noted. Some fear was expressed that the Senate, with its fixed numbers and its membership for life, might block measures which the House of Commons was determined to adopt, and so create a deadlock which there was no way of overcoming. It was decided that in such a case either one or two extra senators from each region might be appointed for the purpose of meeting the emergency—a provision which in fact has never been applied. The question of the name for the new state also came under consideration. Sir John Macdonald significantly favoured the title "Kingdom of Canada"—a title which would have expressed Canada's aspiration for complete freedom under the Crown. But the Foreign Secretary, Lord Stanley, feared that this would offend American republican sentiment, and in the end the less expressive word "Dominion" was accepted in place of "Kingdom." Finally, specific provisions were made for the admission of other provinces, and thus the door was kept open for Prince Edward Island and Newfoundland as well as for the future provinces which would arise in the west.

The decision of these two colonies to remain aloof from the proposed union was an illustration of the mixed reception accorded to the Quebec resolutions. The greatest measure of support came from the united province of Canada which was now to be divided into the two provinces of Ontario and Quebec. In Ontario there was a certain amount of opposition from the extreme Grits who disliked the conservative nature of various provisions, such as those concerning the Senate, and who saw in the acceptance of the Intercolonial Railway a proof of their contention that the scheme was chiefly intended to help the Grand Trunk out of its difficulties. But the prevailing sentiment was highly favourable to the proposals. They offered a way out of the political deadlock and the sectional conflict which had developed since 1840. They increased the prospect of acquiring the west, from which farmers and industrialists and railway interests anticipated substantial benefits. They opened up the possibility of creating an integrated economy embracing half a continent, and thus establishing a more assured basis of prosperity and reducing Canada's economic dependence on the United States.

Of all the sections of British North America, Ontario seemed to have most to gain from the proposed federation.

Quebec gave the proposals a general though less enthusiastic support. Some of the French leaders would have preferred a more limited federation, or even a simple dissolution of the existing union of the Canadas. There was some popular suspicion that Quebec would be at a disadvantage in the federal government. But the prospect of restoring a separate province in which the French would keep their peculiar institutions and be able to maintain and develop their own way of life made considerable appeal to their leaders, clerical as well as lay. Among other things, the idea that a stronger Canada would be an effective barrier to American annexation carried considerable weight. Quebec as a whole may not have been enthusiastic, but it was at least ready to accept the new scheme.

The real opposition came from the Maritimes. Neither Prince Edward Island nor Newfoundland saw any advantage in federation. They were not greatly interested in the building of railways or the development of the west, and they did not want to have to share the expense of these and other projects. Nova Scotia and New Brunswick could expect more direct advantages, but even in those provinces the disadvantages began to seem more serious. There were doubts about the prospects of increased prosperity from the building of the Intercolonial Railway or the opening of the west. There was resentment at the financial proposals which seemed to threaten the Maritimes with increased taxation for which they would get little return. The charge that the delegates had sold the Maritimes to Canada for eighty cents a head was an expression of this feeling. When Tilley, the premier of New Brunswick, decided to test the sentiment of the province by calling an election, his government was soundly defeated. Tupper in Nova Scotia avoided risking a similar fate; but Joseph Howe took the lead in an active movement to defeat confederation, and headed a delegation to England in an effort to persuade the British government that Nova Scotia should be left out of the union.

The Canadians on their part were trying to persuade Britain to use her imperial power to prevent the failure of the new plan; and it was the decision by the British government to act on this advice

which allowed confederation to be carried to completion. At first there had been some doubt in the minds of the Colonial Secretary and certain of his colleagues whether the movement should be encouraged, and a tendency to feel that it should wait until Maritime union had been arranged and the Intercolonial Railway had been built. But it gradually became apparent that the wider union would make possible the construction of the railway and would give a more effective organization for purposes of defence. It was with the aspect of defence that Britain was most concerned, in view of the strained relations which existed with the United States. In consequence the home government gave little sympathy to Howe's pleadings on behalf of Nova Scotia, and through the governors it brought influence to bear on the other Maritime Provinces to persuade them to join the federation.

These efforts were most successful in New Brunswick. Partly through the efforts of the governor, the newly elected government which opposed confederation was overthrown and another election called. This took place at a time when a Fenian raid was being threatened, and the danger from abroad helped to convince the voters of the value of federation. Nova Scotia, which was not directly threatened, was less easily converted; but Tupper secured the acceptance of the scheme by the existing legislature, and although the voters took their revenge by overthrowing his government at the next election, confederation by that time had been brought into effect.

THE CONSTITUTION OF CANADA

The structure of the new national government was based in the first instance upon that of Britain. Indeed, the opening words of the British North America Act specifically stated that the constitution was to be "similar in principle to that of the United Kingdom." The authority of the Crown, the general structure of the legislature, the implied adoption of cabinet government, all bore out this intention. But the British system had to be considerably adapted to meet Canadian needs. The very fact that Canada was to be a federal and not a unitary state—that is, a state in which power was divided between the national and the provincial gov-

ernments—made a fundamental difference. And in framing a federal government the founders of the Dominion inevitably looked for guidance to the constitution of the United States.

They had no intention however of merely copying the American constitution. They believed that experience had shown the defects in the American form of government, and they hoped to avoid those defects in the constitution of Canada. In particular, the Civil War which was still raging when the conference met at Quebec seemed to be the fatal outcome of the doctrine of states' rights and of the restricted powers of the federal government in the United States. Conservative opinion, as voiced by such men as Cartier and D'Arcy McGee, also held that the American system was based on an extreme democracy which should be avoided, and that this tendency should be restrained in the interests of order and stability.

These considerations, added to the desire to retain the connection with Britain, lent added virtue to the choice of the British rather than the American type of executive. For all practical purposes, indeed, the choice had been made a generation previously, when responsible government on the British model was preferred to the idea of an elected executive. Time seemed to have confirmed the wisdom of that decision. The entrusting of executive power to a president who was chosen in the heat of party conflict, and who represented a victorious faction instead of the nation as a whole, was looked on as distinctly undesirable. In contrast there was a readiness to believe that the formal vesting of the executive power in the Queen and her representative would place it in the hands of one who stood above party and commanded the loyalty of the whole population. At the same time the actual exercise of the power was entrusted to a cabinet which represented the wishes of the majority. But whereas in the United States the president and congress might be opposed to each other, in Canada the cabinet was based on a majority in the legislature, and any change in that majority would bring the fall of the ministry. Instead of the separation of powers which made the executive and legislature virtually independent of each other in the United States, the cabinet system in Canada meant the close dependence of ministers upon parliament. And whereas the President and the heads of departments were excluded from the American legislature, in Canada it

was almost essential for the effective working of the government that they should be members of either the House of Commons or the Senate.

The division of powers between the provinces and the federal government presented another contrast between Canada and the United States. The American states at the close of the revolution claimed to be individually sovereign. In framing the constitution the states agreed to surrender certain powers to the central government, but any powers which were not specifically granted were reserved to the sovereign states. But the provinces were in no such position. They were subject to the authority of the imperial government; and although the delegates of the provinces drew up the agreement on which the constitution was based, it was the British parliament which passed it into law, and which alone had the power to do so. In addition, the law itself confined the powers of the provinces to certain specific topics. All others were to belong to the central government, which was to have the power to act in all matters which were not exclusively of provincial concern.

In the light of this fact the use of the term "confederation" was misleading, and perhaps deliberately so. A confederation is a form of government in which the provinces retain the essential power, and the central government acts as their agent for common purposes. But in the United States, and still more in Canada, the central government is based directly on the people at large, and its authority is exercised directly over the individual citizen. It does not have to act through the provinces in carrying out the powers allotted to it. It is merely limited in its powers by the fact that certain matters are outside its control and are left to the provinces or states. That is the essence of a federation as distinct from a confederation, and it was as a federation in its truest sense that the government of the Dominion was designed.

The framers of the constitution believed that they had drawn a clear line between federal and provincial powers, and that the British North America Act gave the Dominion government unquestioned supremacy in all essential matters. The powers of the provinces were listed under 16 heads; and to these were added control of education, and a share with the Dominion in the handling of

immigration. The provinces could claim nothing outside these specific provisions. Everything else was to belong to the federal government. By these provisions, their authors believed, the great flaw in the American constitution had been avoided. They felt that the provinces had been deprived of all claim to prevent the federal government from dealing with matters of national concern; and as an added insurance against provincial interference with national matters, they gave the Dominion the right to disallow any provincial measure—a veto right which the British government previously exercised over all the colonies, but which the Dominion now took over as far as the provinces were concerned. It was a power far beyond anything possessed by the federal government in the United States.

In practice it turned out that the powers of the Dominion were neither so paramount nor so clear-cut as the framers of the constitution believed. In the years since the founding of the Dominion, many conflicts have developed between the provinces and the central government. As a result of the decisions of the courts, the powers of the provinces have been given a far wider interpretation than was originally intended, and the Dominion has found itself unable to undertake many of the national functions which the founders thought they had given to it. This has led to serious difficulties, particularly in social legislation. It has been hard to persuade all the provinces to adopt a common policy in such matters as minimum wages or unemployment insurance or public relief. In addition, they have lacked the financial resources to undertake many of the public services which have become desirable in a modern industrial state. The bulk of the taxing power had been given to the Dominion in the belief that these duties also belonged to it. When it was found that they belonged to the provinces, the Dominion had to come to their help with increased subsidies or special grants if the necessary social measures were to be put into effect.

This brings up another peculiar feature of the Canadian constitution which has no parallel in the United States. The British North America Act was passed, not by Canada, but by the British parliament. Only the British parliament has a right to amend it. Amendments have generally been passed when they were requested by the two houses of the Canadian legislature. But the Act remains

a British and not a Canadian statute, and is interpreted by the courts on an equal footing with any other British law whether trivial or important. The final interpretation has hitherto rested, not with any Canadian court, but with the Judicial Committee of the Privy Council; and it is as a result of a series of judgments by that body that the federal government has been shorn of much of the powers which it was meant to have, and the provinces have found their sphere of action enlarged even beyond their capacity to act effectively.

At the same time this constitutional relation to the home government illustrated the continued limitations on Canada's own freedom. In spite of the stronger national structure which was created by confederation, Britain's imperial supremacy remained. Canadian laws could still be disallowed by the British government, and the imperial parliament could still pass laws for Canada. Foreign affairs and trade treaties were matters outside Canadian control. Yet the creation of the Dominion marked a great advance toward the securing of a steadily broadening freedom within the empire. Confederation was in the first instance an assertion of Canada's determination to maintain her separate existence against the United States, and to maintain it as a nation under the British crown. But it was also a step toward the assertion of Canada's national aspirations within the imperial structure; and as she secured an increasing measure of freedom in both internal and external matters, she continued to mark the path which the other self-governing colonies were to follow in their evolution toward dominion status in partnership with Britain herself.

COMPLETING CONFEDERATION

In the east the original plans for union were only slowly realized. Newfoundland decided at an early stage that union with Canada offered few benefits, and it remained aloof until 1949. Prince Edward Island also refused to join the original federation. By 1873, however, that province had run into financial difficulties. Its decision to build a railway of its own had proved to be extremely expensive, and it was also looking for the necessary money to buy

out the absentee proprietors who still held title to much of the land in the province. The Dominion government came to the rescue with a promise to take over the financing of the railway and provide funds to settle the land question, and this offer persuaded the province to enter the Dominion in 1873.

By the time of Confederation, negotiations were already under way for securing the west from the Hudson's Bay Company. The British government lent its aid, and it was largely through its intervention that arrangements were completed in 1869 for the purchase of Rupert's Land by Canada. The Canadian government unfortunately neglected to prepare the population for the change or to assure the halfbreed settlers in the Red River area that their land titles would be respected and their right to self-government safeguarded. The result was a rising under Louis Riel before the title to the west had actually been taken over by Canada. But matters were cleared up in negotiations between the Canadian government and delegates from the Red River; and though a military expedition was sent to keep order until the final arrangements were carried out, there was little need for forcible action. In 1870 Manitoba was added as the first new province of the Dominion. The remainder of the west between Ontario and the Rockies was placed under territorial government until the provinces of Saskatchewan and Alberta were created in 1905.

Meanwhile arrangements had been made for the entry of British Columbia. Sentiment in that province was seriously divided. There was considerable agitation in favour of a union with Canada. But so long as the Hudson's Bay Company held the west, there were practical difficulties in the way. The governor and a considerable number of councillors were distinctly cool toward the idea, and a movement for annexation to the United States was gaining substantial support. But popular conventions were held which petitioned for inclusion in the Dominion, and a new governor arrived with instructions to give this sentiment full support. He persuaded his council to agree, and terms of entry, which included the promise of a railway within ten years, were arranged with Ottawa. With the entry of British Columbia in 1871, the Dominion at last stretched from sea to sea.

THE NORTHWEST TERRITORIES AND THE SASKATCHEWAN AND ALBERTA ACTS

In 1871 the British North America Act was amended to clarify the powers of the Parliament of Canada with respect to the establishment of provinces in the Northwest Territories. Two hundred thousand people entered the Canadian west in the ten years before 1900. Half of these remained in Manitoba, but the other half increased the population of the Northwest Territories to a little over 180,000. This rapid growth in settlement resulted in several changes in administration and later led to the creation of new provinces.

In 1885 an armed revolt started in the Northwest Territories, and in the background was the terrible possibility of a general Indian rising. Louis Riel had returned to Canada and had established a rebel government a few miles down the river from Saskatoon at Batoche. The causes of this rebellion were similar to those of the first Riel Rebellion in Manitoba. A military contingent from Eastern Canada suppressed the rising, and Riel and ten Indians were hanged. This rebellion hastened the political development of the West.

From 1870 to 1876 the Territories were under the control of the Lieutenant-Governor of Manitoba who was assisted by a Council. The Council was selected by the Dominion government and most of the members were prominent people in Manitoba. In 1876 the Territories were given a Lieutenant-Governor of their own. In 1877 the Lieutenant-Governor and his Council of "not more than five persons appointed by the Governor-General in Council and invested with both executive and legislative powers" moved to Battleford. The territory between Manitoba and the Rockies and from the Arctic to the International Boundary was governed from this capital. Local laws were evolved and justice administered. The Dominion government collected most of the revenue, but the grants to Territories were small and the restrictions on the Council were numerous. When the Canadian Pacific Railway was constructed two hundred miles south of Battleford, the government was moved to Regina.

The Northwest Territories Act of 1877 extended the privilege

of electing one member to the Council from every area of one thousand square miles which contained a thousand "adult white persons entitled to the franchise". By 1888 twenty-two members were being elected, and when this happened these members formed a Legislative Assembly to replace the appointed Council. This Assembly fought for the right to borrow money and tried to free the Territories from excessive control by the Dominion government. Gradually more responsible government was granted.

By 1905 the West was being opened by thousands of settlers, and there was a strong demand for the formation of provinces in the Territories. In 1905 the Saskatchewan and Alberta Acts were passed by the Dominion Government, and these Acts became the written constitutions of the new provinces. In the same year at a ceremony in Edmonton, Mr. G. H. V. Bulyea was appointed Lieutenant-Governor, and the next day Mr. A. C. Rutherford of Strathcona was called to form a government. He became the first Premier of the new Province of Alberta.

CHAPTER XX

THE ADVANCE OF CANADIAN NATIONALISM

The period since Confederation has been marked by a steady growth in Canada's control of her own affairs. With the formation of the Dominion her freedom to pursue a national programme of internal development was almost complete. In such matters as immigration and land settlement, railway construction and industrial expansion and protective tariffs, the decision as to what policy should be followed rested with Canada alone. Britain retained certain legal rights to disallow Canadian legislation or to pass laws affecting Canada; but these were almost never exercised, and in economic affairs particularly Canada was completely mistress within her own house. As she grew to maturity, her relation with the mother country steadily advanced from subordination to equality of partnership.

In her external relations with other powers the process was more gradual. Sir John A. Macdonald had expressed his aspirations in a speech on the confederation proposals. "We find ourselves," he said, "with a population approaching four millions of souls. Such a population in Europe would make a second, or at least, a third rate power . . . And when, by means of this rapid increase, we become a nation of eight or nine millions of inhabitants, our alliance will be worthy of being sought among the great nations of the earth . . . Instead of looking upon us as a merely dependent colony, England will have in us a friendly nation—a subordinate but still powerful nation—to stand by her in North America in peace or war."

These words revealed a desire to be free from Britain's control in external as well as internal affairs. Canada's relations with other countries, and particularly with the United States, were matters of profound national interest, and her leaders believed that she should be free to handle them in her own way. This was an aspiration which touched one of the most vital factors in the imperial connection, and one which Britain was particularly reluctant to modify. She felt that foreign policy was something which affected the whole

empire, and which must remain in the hands of the imperial government. Canada might be consulted or even represented in negotiations which affected her, but she could not be allowed to engage in independent negotiations of her own. It was only gradually that this attitude was relaxed, and Canada was placed in a position to deal on an equal footing with other sovereign nations.

THE TREATY OF WASHINGTON

The nature of the problem was vividly illustrated by relations with the United States in the period immediately after Confederation. American hostility toward Britain was still very much alive, and it found expression in demands for compensation for the activities of British-built commerce raiders such as the *Alabama* on the side of the south during the Civil War. This antagonism to Britain sharpened the hostility toward Canada which led to a revival of annexationist sentiment and which increased the strain resulting from Fenian activities. Canadian interests were involved in the dispute over the San Juan boundary on the west coast. Canada was anxious to secure the renewal of the reciprocity agreement which had ended in 1866. The United States wanted to regain the rights in the Canadian fisheries which she had forfeited by her cancellation of the reciprocity treaty. One of the urgent needs of the new Dominion was a settlement of these problems with the United States.

Such a settlement however rested with the British government, and Canada could take no action of her own. When however a Joint High Commission met in Washington in 1871, Sir John A. Macdonald was appointed a member of the British delegation. This was a notable occasion for Canada. For the first time, one of her own representatives took part in an international negotiation and acted as a spokesman for specifically Canadian interests. At the same time his powers were distinctly limited. He could press Canada's case, but he could hardly carry insistence to a point which would prevent an agreement between Britain and the United States. He failed to get a renewal of reciprocity, and he had to admit the Americans to the fisheries on the best terms he could get.

Even a voice in the negotiations under these conditions, while it represented a distinct advance for Canada, was much less satisfactory than the right to deal on a direct and independent basis with the United States.

It was none the less a starting point for a gradual advance. Canadian delegates were associated with later negotiations such as the fruitless discussion of the fisheries in 1887. Unofficial delegates could discuss mutual policies with members of the American government, as was done in the case of the Reciprocity agreement of 1911. When the International Joint Commission was set up in 1909, Canada gained the right to appoint her own members without the intervention of the British government. But these were special examples of the closer relations with the United States which developed under Laurier, and of methods that were evolved outside the bounds of formal diplomacy. When definite treaty procedure was in question, full control remained in British hands.

In Canada's relations with European countries the problem was less pressing. None the less, Canada had commercial interests which were separate from those of Britain, and she felt that she should be allowed to make trade treaties without British interference. The appointment of a Canadian High Commissioner to Britain in 1879 was a step toward the attainment of this end. In one aspect it was also an attempt to establish a new relation between Canada and the mother country. It was felt that the Governor-General as a British official was no longer a suitable channel for communication with the government in London, and that Canada should have a representative who could express her own point of view. But it was hoped that the High Commissioner would be regarded as Canada's diplomatic representative not only in relation to the British government, but also in negotiations on Canadian questions with foreign states.

This hope was only partly realized. The British government felt that to accept the High Commissioner as a diplomatic representative might imply that the Dominion had an almost independent status, and that to allow him to negotiate with other countries would break the unity of imperial foreign policy. Eventually however it consented to associate him with commercial negotiations on behalf of Canada, although these would be under the formal auspices of

the British Ambassador in the country concerned. Thus Sir Charles Tupper took part in unsuccessful negotiations with Spain in 1884, and in 1893 he joined with the British Ambassador in Paris to conclude and sign a trade agreement with France. In the interval a system was worked out whereby any new trade treaty negotiated by Britain alone would not apply to Canada unless she so desired. It was still not possible for Canada to take diplomatic action independent of Britain, but for practical purposes she had gained the right to regulate her own trade relations with foreign countries.

FOREIGN POLICY AND IMPERIAL DEFENCE

When it came to dealing with foreign countries other than the United States, the problem was less urgent. There were comparatively few diplomatic issues between Canada and such countries as Russia and Germany and France which demanded diplomatic action independent of Britain. Yet the question could not be ignored entirely, for it was bound up with the problem of imperial defence. As Britain was drawn into the European rivalries at the beginning of the twentieth century, it became apparent that her diplomacy might have serious consequences for Canada. The Dominion had no voice in British foreign policy; yet if Britain's diplomacy should involve her in war, Canada would be faced with the question of participating on the side of the mother country.

This prospect was all the more serious because of the divisions within Canada on this issue. In English-speaking Canada the prevailing sentiment favoured unquestioning support of Britain in her dealings with other countries; and this was accompanied by a belief that imperial unity would be destroyed if the British government were not allowed to control the foreign relations of the whole empire. It is true that there were some dissenting voices. Canadian leaders such as Sir Alexander Galt and Edward Blake advocated Canada's control over her own foreign policy. Sir John A. Macdonald, though he repeatedly stated that Canada would support Britain if she were threatened by a foreign power, had much sympathy for the idea of Canadian diplomatic autonomy. But the prevalent attitude was to leave it to Britain to deal with foreign

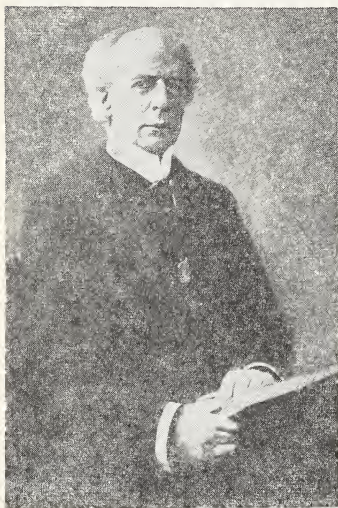
nations, and to accept and support the results of her diplomacy whatever the consequences for Canada.

It was only to be expected that the attitude of French Canada should be rather more critical. The French had no sentimental ties with Britain. There were no common ties of race or of language to stir emotions of loyalty. On the other hand, there was a full realization of the benefits of the British connection. French leaders of all shades of opinion recognized the privileges they enjoyed under British rule. They had no wish to sever the connection, particularly if this should mean a risk of annexation by the United States. But neither did they wish to accept burdens which seemed to be imposed by Britain in her own interests and which offered no advantage to Canada; and out of that attitude there developed a narrow nationalism on the part of certain groups who placed the interests of French Canada itself above those of the Dominion or the empire.

LAURIER AND BORDEN

This conflict of views grew steadily more acute as a world crisis approached in which Britain and Canada were both likely to be involved. Laurier attempted to prevent a cleavage by steering a middle course between the two extremes. How difficult this was becoming was shown by the Boer War. Laurier's delay in sending a contingent was attacked by the imperialists, particularly in Ontario. The despatch of any troops at all was attacked with equal bitterness by the nationalists in Quebec. By this time Henri Bourassa had come forward as a leader of Quebec nationalism. He wanted the fullest preservation of French racial and cultural and religious privileges, and he suspected his English-speaking compatriots of trying to weaken those privileges and to end the separatism of the French by absorbing them into the English population. He became convinced that the strengthening of the imperial tie, and particularly the sending of Canadian troops to take part in British wars, was a part of this same design. He resigned his seat in Parliament as a protest against the sending of troops, and from that time on he opposed what he believed was Laurier's surrender to the imperialists.

Laurier on his part sought to combine the maintenance of the imperial connection with freedom of action on the part of Canada. He was unable to secure diplomatic independence for the Dominion,



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SIR WILFRID LAURIER

for the British government insisted that control over foreign policy was something which could not be shared. There was even a reluctance to inform the Dominions about the foreign policy which Britain was pursuing. When Sir Edward Grey, at the Imperial Conference of 1911, gave to the assembled Premiers a guarded and incomplete account of the diplomatic situation, it was the fullest glimpse that they had ever been permitted into that secret realm.

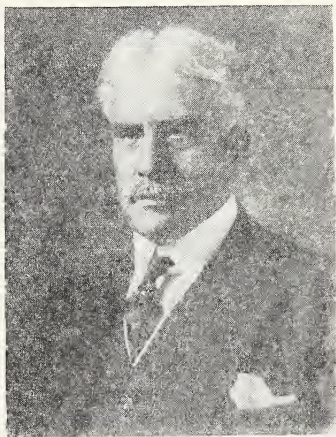
Thus Laurier had to accept the fact that he could neither pursue an independent foreign policy for Canada nor exercise any real influence over the policy which Britain pursued on behalf

of the whole empire. But if Canada were to have no share in diplomacy, he insisted that she must be free to decide how far she would accept its consequences, particularly if the consequences involved war. He had said, "If you want our aid, call us to your councils." Since Britain would not do this, Canada would be her own judge of what aid she would send in a crisis. Meanwhile Laurier was determined as far as possible to keep her free from European entanglements and from the militaristic rivalries into which Europe had been plunged. The result was an attitude of aloofness from world affairs in whose shaping and direction Canada was denied a share.

The attitude of Sir Robert Borden after he succeeded Laurier in 1911 was not in practice so very different. He and his party

traditionally claimed to be the most stalwart supporters of the imperial connection. But they had not scrupled to join with Bourassa and the Quebec nationalists in 1911 in order to defeat Laurier, and the Conservative party from the days of Macdonald had always shown a strong nationalist tendency — expressed particularly in its advocacy of a high tariff even against Britain — whatever attachment it might feel to the cause of imperial solidarity.

These two factors became evident in connection with the question of naval policy. Borden at first seemed inclined to approve of Laurier's proposal to create a distinct Canadian navy. At a later stage however he attacked the idea of a separate force and proposed a direct contribution to the British navy, which was what the Admiralty desired. Shortly after his entry into office he went to Britain to consult with the imperial authorities. His conversations with Grey and Churchill convinced him that the crisis was more urgent than Laurier had been ready to believe. Hence his proposal of an immediate gift of three Dreadnaughts to Britain—a measure which was blocked by the Canadian Senate. But while he announced his adherence to the principles of "one king, one flag, one empire, one navy," he frankly told Britain that Canada could not be expected to contribute to the support of policies in whose formulation she had no share. "I would like you to understand," he told an audience in London, "that Canada does not propose to be an adjunct even of the British Empire." Later he put forward the suggestion that Canada's representative in London should take part in the discussion of major questions of foreign policy. This was an advance on Laurier's position, for Laurier had felt that



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SIR ROBERT BORDEN

such discussions would have very little influence on the decisions of the British government, yet the fact that Canada had taken part in them would involve her in a share of responsibility for the results of British policy. But although there were these differences in methods, Borden was in essential agreement with Laurier in his basic approach—"If you want our aid, call us to your councils."

THE IMPERIAL CONFERENCES

The two men were also very close in their attitude toward the change which was simultaneously taking place in the relation between Britain and the self-governing colonies. In the latter part of the nineteenth century, Britain's comparative indifference toward her empire gave way to a new concern. The depression of the seventies and the rise of trade competition from such countries as Germany and the United States made Britain think more seriously about the value of colonies. As the possibility of war grew more serious, British statesmen began to look to the strength of the empire as compensation for Britain's lack of allies. The result was an effort to draw the empire closer for trade and for defence. In 1884 the Imperial Federation League came into being, and by the end of the century the idea of closer imperial unity had found a vigorous champion in Joseph Chamberlain.

It was Chamberlain who was the leading spirit in the colonial conference of 1897 on the occasion of Queen Victoria's diamond jubilee. Ten years previously an informal meeting of colonial representatives had taken place, and the possibilities of closer common action had been discussed. But the conference of 1897 was a more formal body which was attended by the prime ministers of the leading self-governing colonies, and at which a definite scheme of action was put forward. Chamberlain hoped for a system of imperial defence to which the colonies would contribute, and for an imperial customs union which would bring about free trade within the empire. Above all, he strongly advocated the creation of an imperial council on which all parts of the empire would be represented, and which would have power to take decisions binding on all its members.

These ideas ignored the strength of the nationalist spirit which

had now grown up in Canada and the other self-governing colonies, and the advance toward full control of her national policies which was Canada's determined aim. Laurier led the way in refusing to give up Canada's freedom of legislation to a central council of the empire. He was also unwilling to pledge Canada to any set contribution to imperial defence. Instead of a customs union he preferred a system of imperial preference such as Canada offered in the budget in 1897. Britain as a free trade nation could offer no trade concessions in exchange, and she was at first prevented from accepting Canada's offer by the existence of treaties with Belgium and Germany whose terms would have required the extension of preference to those countries as well—something to which Canada refused to agree. It was not until Britain gave up those treaties in 1898, at considerable sacrifice as far as her immediate trade interests were concerned, that the system of imperial preference could be put into effect.

Although the conference was thus limited in its results, the value of consultation was realized by all those who attended, and there was a general desire for regular meetings to deal with common problems. Before the next meeting, the problem of defence was raised in a more acute form by the outbreak of the Boer War. Laurier accepted the legal basis that when Britain was at war, Canada was also at war, but he insisted that Canada's actual contribution was for her alone to decide. In the end Canada raised and equipped a force of volunteers, and Canadian troops joined with those of the other Dominions in the struggle in South Africa.

This was a demonstration of imperial unity which roused new hopes on the part of Chamberlain for an advance toward a more effective organization. But the conference of 1902 showed that these hopes were ill-founded. Although the other colonies were now willing to contribute to imperial defence, Canada was still aloof; and it was clear that an imperial council and an imperial customs union were as remote as ever. The conference of 1907, by adopting the title of Imperial Conference, gave an implied recognition to the fact that its members had passed beyond the old type of colonial status and that the Dominions must be accepted on more equal terms with the mother country in the councils of the empire. As the international situation grew more serious, the willingness of

the Dominions to contribute to defence showed an increase; but Canada in particular insisted on keeping her forces under her own control in time of peace. Laurier planned to create a Canadian naval squadron, as Australia was also doing, in spite of British objections. But his plans had not advanced far when he was defeated in 1911, and Sir Robert Borden felt that the urgency of the situation demanded a direct contribution of three battleships to the British navy. The Senate however refused to pass the bill to this effect, and thus no contribution of any sort had been definitely prepared when war broke out in 1914.

Meanwhile the increasing gravity of the international situation had directed still further attention to the problem of foreign affairs. Their conduct was still in the hands of the British government; and although the Dominions might be vitally affected by the outcome of British diplomacy, they were not even kept informed of some of the most important issues. At the conference of 1911 Sir Edward Grey gave the delegates a confidential summary of the situation which was the first time that the Dominions had been taken even partially into the confidence of the Foreign Office. There was still however a definite refusal on the part of the British government to share control of diplomacy with the Dominions, and Laurier responded by refusing to commit Canada in advance to any specific course of action in case of war. He was even cautious about entering into consultation on matters of foreign policy over which Canada would have no influence, yet by whose results she might be morally bound.

Thus the outbreak of the war in 1914 found Canada far advanced on the road to nationhood, but still bound by limitations which kept her below the status of an independent sovereign state. It was the war itself, and the striking contributions made by Canada and her sister Dominions, which virtually broke down the remaining barriers and cleared the way for an advance to full national status and for the creation of the modern British Commonwealth of Nations.

CHAPTER XXI

NATION AND COMMONWEALTH

The war of 1914 was a landmark in Canada's national development, and a turning point in the evolution of the British Empire. The way in which the Dominions rallied to the motherland, and the increasingly important part which they played in the struggle, naturally stimulated the sentiment of imperial unity. But it also raised in the Dominions a pride in their own efforts, and a dissatisfaction with the way in which decisions of the highest importance were often taken without their knowledge or consent. There was a general feeling that some new type of relationship must be worked out, and that the idea of subordination must be replaced by that of partnership. It was this basis which offered the best prospect of reconciling freedom with unity; and in working out the new structure of the Commonwealth, as in the earlier evolution of responsible government, Canada played the leading part.

The outbreak of war offered further proof of how close were the ideas of Laurier and Borden on the fundamental issue of relations with Great Britain. With the outbreak of hostilities the Borden government proclaimed Canada's independent decision to participate actively on the side of Britain, and Laurier gave his whole-hearted support. At the same time Borden was as insistent as Laurier had formerly been that Canada must determine for herself the extent and nature of her contribution, and from the outset he fought successfully for the maintenance of the Canadian Corps as a distinct and separate force.

This nationalist outlook on the part of the Canadian Prime Minister was strengthened by his experiences during the war itself. Although the Canadian troops were a separate body, they were of course under the British Commander-in-Chief and were used in whatever way the British military authorities considered to be most valuable. Unfortunately the judgment of these authorities was not always beyond criticism. During the first two years of the war a number of costly and unsuccessful operations were undertaken. The fighting quality of the Canadians led to their employment as shock

troops in these engagements, and they suffered heavy casualties as a result. Yet Canada was not consulted about military plans in which her troops were so heavily involved, and Borden was even denied information about military policy in general. By the beginning of 1916 his indignation at this situation had become almost explosive. "It can hardly be expected," he burst out, "that we should put four or five hundred thousand men in the field and willingly accept the position of having no more voice and receiving no more consideration than if we were toy automata. Any person cherishing such an expectation harbours an unfortunate and even dangerous delusion. Is this war being waged by the United Kingdom alone, or is it a war waged by the whole empire?"¹

To some extent this situation was eased by the creation of the Imperial War Cabinet which gave the Dominion Premiers some voice in general policy. But resentment over the military situation had strengthened Borden's determination to secure for Canada a greater equality in political matters, and this found expression as the war drew toward a close and questions concerning the peace conference began to emerge.

THE PEACE TREATIES

It soon became clear that the British government expected to keep the peace negotiations largely in its own hands. There would be preliminary discussions with the Dominions; but when it came to the actual peace conference, a single British delegation would be sent, and the only concession was to be the inclusion of Sir Robert Borden as a member of this delegation representing all of the Dominions. Sir Robert as well as the other Dominion Premiers was strongly opposed to the acceptance of such a subordinate role. He was further irritated by the discovery that Britain had embarked on preliminary discussions with France and Italy without consulting or even informing the Dominions. He warned the British authorities that he had not come to take part in a light comedy. Canada had made a heavy contribution in men and money to the cause of victory. Only the Great Powers among the Allies had taken a larger part in the war effort. If small states such as Belgium were

¹ R. L. Borden, *Memoirs*, 622.

to have independent seats at the peace conference, Canada insisted that she should have an equal place in the negotiations.

Ultimately Borden had his way. Indeed, the final arrangements gave the Dominions a more advantageous position than that of the small Allied states. Not only did they have their own delegations to the peace conference; it was also agreed that the British Empire delegation should include representatives from the Dominions. The organization of the Imperial War Cabinet was to some extent carried over into the peace negotiations. Thus it was possible for Canada to be represented on various committees of the conference either in her own right or as part of the British Empire.

With the signature of the peace treaties by her own representatives Canada secured recognition as a nation in her own right. Her position as an individual member of the international community was further strengthened when she secured a seat of her own in both the League of Nations and the International Labour Organization. She had to fight for both of these as she had fought for separate representation at the peace conference. There was some opposition by the other Powers, including the United States, to the granting of separate seats in the League to the various Dominions, and even more to their right to be elected to non-permanent seats on the Council, in which Great Britain had already been granted a permanent place. But here too Canada successfully insisted that she must have the same rights as other small states who were members of the League. In the case of the I.L.O., Borden's stand was equally determined. In the face of opposition, particularly from the American members of the committee which drafted the charter of the I.L.O., Borden pointed to Canada's importance as an industrial and exporting nation. "The people of Canada," he protested, "will not tamely submit to a dictation which declares that Liberia or Cuba, Panama or Hedjez, Haiti or Ecuador must have a higher place in the international labour organization than can be accorded to their country which is probably the seventh industrial nation in the world, if Germany be excluded." Once again his argument prevailed and Canada was granted a separate seat in the I.L.O.

This insistence on an independent status in international affairs was symbolic not only of Canada's determination to secure full recognition as a nation, but also of her realization that her interests

were vitally bound up with world politics. But that did not mean that her views on world politics were as yet fully formed or that she was prepared to take an active initiative in the broader field of international affairs. Her attitude during the peace conference showed the limitations of both her interests and her outlook. Her delegates contributed to the settlement of the individual problems through their membership on various committees of the conference. But in matters of general policy there were only two questions on which the Canadian representatives felt strongly and on which they took a definite stand of their own.

SPECIAL PROBLEMS

One was the need for harmony between Britain and the United States. For a century and a half this had been a vital necessity for Canada, and she was anxious to use any means by which it might be maintained or increased. Borden was alarmed when he discovered that some members of the Imperial War Cabinet viewed the United States as a rival and were inclined to look upon the peace conference as an opportunity for checking American influence. He protested at once against any policy which might lead to friction. Good relations with the United States, he asserted, were the best asset that could be brought out of the war. "If the future policy of the British Empire," he warned, "meant working in co-operation with some European nation against the United States, that policy could not reckon on the approval or the support of Canada." He found during the peace conference that he sometimes had to oppose the American delegates on matters which affected Canada's interests and position; but in general policy his desire was to see Britain and the United States work together as closely as possible.

The other question on which Canada took a definite stand was Article X of the League Covenant. This was the clause which pledged the members of the League to support the independence and territorial integrity of all member states. The provision had much to do with the rejection of the League by the United States. But before the controversy arose in that country, Canada had shown her opposition to Article X, and for much the same reasons. It

seemed to commit her to armed participation in foreign quarrels, and so to involve her in European politics. Canada was unable to secure the omission or modification of this clause, but her efforts continued even after peace. They were a significant example of her desire to avoid too wide a share in international obligations and of her comparative aloofness from the wider issues of world politics.

Thus the war and its outcome involved for Canada a new and direct participation in world affairs. It confirmed her national status and obliged her to recognize that her own interests were closely bound up with conditions and developments in the rest of the world. But the broader outlook which this implies was only slowly developed. Canada had been successful in securing the privileges of nationhood. But her new status involved obligations as well, and unless she learned to recognize and accept them, she could not hope to exercise her full influence as a nation in the modern world.

CONTROL OF DIPLOMACY

The attainment of this new position meant that Canada and the other Dominions were less disposed than ever to see control of their own affairs restricted by the authority of the British government. Their aspirations toward complete sovereignty demanded that the few remaining curbs on their internal autonomy should be removed. Even more important in practice, it was necessary that they should gain full control over their own foreign relations. They had fought successfully for a position of equality within the community of nations, and this was incompatible with continued subordination to Britain in the conduct of diplomacy.

In 1917 the Imperial War Conference adopted a resolution which stated that the new relations which were envisaged within the Commonwealth should be based on the principles of continuous consultation and concerted action. It was hoped that such procedure would assure full freedom to all members and still make possible a united attitude in foreign affairs. But these principles proved difficult to apply. The widely scattered members of the Commonwealth each had interests which the others did not share,

and Britain in particular had world-wide commitments in which the individual Dominions were not directly involved. In the confusion and stress of post-war readjustment, continuous consultation on all matters of foreign policy was almost impossible, and without this foundation, concerted action was something that could not be achieved.

These facts were vividly illustrated by the Chanak crisis of 1922. In the face of a threat of renewed war with Turkey, Britain asked the Dominions what aid she could expect. Canada's reply was a request for further information and other Dominions also indicated that they had not been kept fully in touch with the situation. The crisis passed without hostilities actually breaking out, but one result was to show that some more practical system must be adopted if the Dominions were to have a real partnership in foreign affairs.

By this time there was in fact a growing feeling that a common imperial foreign policy was all but impossible, and that wider freedom of action must be left to the individual members of the Commonwealth. When the Chanak crisis was followed by peace negotiations at Lausanne, Canada found an opportunity to take an individual stand. French objections to the presence of the Dominions had led to their exclusion from the conference. That did not mean that they would continue at war with Turkey, for Britain's signature to the peace treaty covered the whole empire. But Canada asserted that since she had not been represented, she must be the sole judge of how far she would be bound by any obligations under the treaty. It was virtually an assertion that British diplomacy no longer had the right to bind Canada without her consent.

This negative assertion of Canada's independence was followed by the positive achievement of the right to negotiate her own agreements. The Halibut Treaty of 1923 between Canada and the United States provided for joint regulation of the halibut fisheries of the north Pacific. It was negotiated by the Canadian Minister of Justice, Mr. Lapointe, as the representative of the King. None the less the British Ambassador at Washington expected that he would sign the treaty on behalf of the British government as had been the custom before 1914. Canada however insisted that Mr. Lapointe should sign alone, and after some discussion the British

government agreed. There were fresh difficulties when the American Senate, before accepting the treaty, tried to make it apply to the whole British Empire. But Canada claimed it was a treaty negotiated by her and applying to her alone, and this too was ultimately accepted. For the first time a Dominion had made a direct and formal treaty on her own behalf with a foreign power. It was an event which established Canada's full control over her own foreign relations.

THE GROWTH OF AUTONOMY

The significance of these developments was recognized in the reports of the imperial conferences in 1923 and 1926. The attempt to bind all members to a common foreign policy was now given up. It was accepted that each of the Dominions as well as Britain had special interests and must be allowed to pursue them individually. It was laid down that other members should be informed when any negotiation was undertaken, so that they might take action in case their interests were likely to be affected. But this was little more than a recommendation which was meant to prevent serious friction from arising as a result of the diverse policies which the various Dominions might pursue. As far as their right to enter into full relations with other states was concerned, it was now fully recognized. Their right to send diplomatic envoys abroad had been conceded as early as 1920; and when Canada established a legation at Washington in 1926, it marked a further step toward full control of her own foreign relations.

While freedom was thus being attained in this sphere, the restrictions on Canada's internal freedom were gradually being removed. In practice these were comparatively few after Confederation. But there remained certain legal restraints even though many of them had fallen into disuse. The Governor-General was still appointed by the British government. He had the right to reject Canadian laws or to reserve them for the consideration of the home government, and Britain had the right to disallow Canadian laws even after they had been approved by the Governor-General. There were also certain matters on which Canada still could not legislate. Laws which the British parliament had passed for the whole

empire were binding on Canada, and the Colonial Laws Validity Act prevented any Dominion from adopting laws which contradicted these imperial acts. Among other things, this led to the result that Canada could exercise no control over merchant shipping and could not punish her citizens for crimes which they might commit outside the borders of Canada. Finally there was the fact that the Judicial Committee of the Privy Council remained the highest court of appeal for Canadian cases, including cases which involved the interpretation of the Canadian constitution.

In the period after 1920 most of these limitations were gradually removed. To a considerable extent this was achieved by the decisions of successive imperial conferences during the next ten years. Just as responsible government could be introduced simply by changing the governor's instructions and without any formal legislation, so it was possible to widen the powers of the Dominions merely by agreements on future practice which did not need to be embodied in actual laws.

One of the great landmarks in this process was the Balfour report which was adopted by the imperial conference of 1926. By this time all idea of drawing up a formal constitution for the Commonwealth had been dropped and the principle of voluntary partnership had been accepted. The report recognized this in its definition of the relation between the members of the Commonwealth. "They are autonomous communities within the British Empire, equal in status, in no way subordinate to one another in any aspect of their domestic or external affairs, though united by a common allegiance to the Crown, and freely associated as members of the British Commonwealth of Nations."

The conferences of 1926 and 1930 made a number of adjustments to bring the powers of the Dominions into harmony with this description. It was laid down that the Governor-General was no longer to act as the agent of the British government, but was to be solely the representative of the Crown, "holding in all essential respects the same position in relation to the administration of public affairs in the Dominion as is held by His Majesty the King in Great Britain." The change led to the appointment of a British High Commissioner to represent the British government in Ottawa on the same basis as the Canadian High Commissioner in London. In

1930 it was agreed that the appointment of the Governor-General should henceforth take place on the advice of the Dominion and not the British government. These were steps which removed the last suggestion that the Governor-General had a responsibility to the home government which might oblige him to exercise an independent authority in Canadian affairs, and made his public actions wholly dependent on the advice of his Canadian ministers.

This in turn affected the right of the governor to reserve Canadian bills for the consideration of the British government. That right was laid down in the British North America Act, and for some years the governor's instructions commanded him to reserve bills which dealt with such subjects as divorce and the control of the armed forces. In 1877 Canada secured the dropping of these specific instructions, but it was still possible for the home government to issue special directions or for the governor to act on his own discretion. Now these powers were removed. The provision permitting reservation was allowed to stand, but its exercise was to be solely on the advice of the Canadian government, and it would be only under the most exceptional circumstances that such advice would be given. The right of the British government to disallow Canadian acts—a right which had not been exercised since 1873—was dealt with in much the same fashion. The Dominion could take steps to remove it entirely, and in the meantime it was not to be exercised except under conditions which the Dominion government had accepted. Canada's laws were henceforth immune from any over-riding authority on the part of the British ministry or its representative.

The supreme power of the British parliament was felt to call for more formal modification. As the result of a conference of legal experts in 1929 and the acceptance of its report by the imperial conference in 1930, a number of provisions were drawn up in legal form and passed as the Statute of Westminster in 1931. The most important point was the restriction on the right of the British parliament to pass laws which were binding on the Dominions. It still had the power of imperial legislation, but no Dominion was to be subject to such laws unless it specifically consented to accept them. An example of this was the act passed on the occasion of the abdication of Edward VIII, which stated that Canada had

advised and consented to this law which changed the succession to the Crown. Furthermore, Canada could change or repeal any imperial acts in their application to her if she so desired, and the Colonial Laws Validity Act was no longer to stand in the way of such action. At the same time Canada's right to exercise authority over her citizens even when they were beyond her borders (the right of extraterritoriality) was definitely recognized. The Statute of Westminster did not lay down a constitution for the Commonwealth, but it supplemented the less binding decisions of the imperial conferences and completed the legislative freedom of the Dominions.

There were still two important restrictions, but even these could be removed when Canada chose to take the necessary action. One was the continuance of appeals to the Judicial Committee of the Privy Council. This was not removed by the Statute of Westminster, but in 1935 Canada secured the dropping of appeals in criminal cases, and appeals in civil cases were abolished in 1950. The other restriction was the continued inability of Canada to amend her own constitution, but that too could be ended when she decided on an acceptable method. A first step was taken in 1949 when the federal Parliament was enabled to pass amendments affecting matters within the federal field. It was more difficult to find a satisfactory procedure where the powers of the provinces were concerned. The matter was discussed at a Dominion-Provincial Conference in 1950, but as yet no solution has been reached.

CONSTITUTIONAL PROBLEMS WITHIN CANADA

Behind this difficulty in working out a method of amendment lay a conflict between federal and provincial interests that had been growing ever since Confederation. As Canada developed into a modern industrial state, the need arose for economic and social measures on a national scale. Yet such measures often lay outside the authority of the federal government, and the Dominion found itself confronted by constitutional obstacles when it came to adopting the reforms made necessary by changing conditions.

In the face of modern problems of government, the constitutional

powers of the Dominion proved to be less adequate than the founders of her federal system had confidently believed. They had set out to create a constitution under which all matters of general interest would be entrusted to the central government, and the provinces would be restricted to purely local functions. But as the constitution came under review by the Judicial Committee of the Privy Council, a series of decisions resulted in the enlarging of the powers of the provinces beyond anything that the authors of the constitution had intended, and a consequent restricting of the powers which the Dominion government was intended to possess.

Section 92 of the British North America Act listed sixteen classes of subjects over which the provinces had exclusive powers, including "all matters of a merely local or private nature in the province." In addition the provinces controlled education and shared with the Dominion power to make laws relating to agriculture and immigration. Section 91 gave to the federal legislature power to make laws "for the peace, order and good government of Canada" on all matters not exclusively assigned to the provinces, and went on to list twenty-nine topics in order that there might be no doubt that these were matters of federal and not provincial concern. It was an attempt to establish with clarity and certainty the division of powers in the hope that all disputes as to whether a matter was federal or provincial might thus be eliminated at the start.

That hope proved vain. As the judges continued to examine the constitution, they tended more and more to take the view that the federal government could pass no law for the whole Dominion which one province would be able to pass for itself. In particular, they found in the provision which allowed the provinces to deal with "property and civil rights" within their own boundaries a clause which debarred the Dominion from action in many important fields. Not even the plea that the Dominion could legislate for "peace, order and good government" was effective against this view. The judges held that this was a power to be used only in an emergency (such as war or pestilence or an alarming outbreak of intemperance) which was too great for the provinces to deal with individually or even collectively.¹ In all other cases the Dominion

¹ For an extreme example of this view, see the quotation from Lord Haldane in R. M. Dawson, *Constitutional Issues in Canada*, 445-6.

was virtually confined to the powers specifically conferred upon it by the twenty-nine heads of Section 91.

SECTIONALISM

This was all the more serious because of the failure of Confederation to eliminate the sectional feelings and interests which it was meant to overcome. Nova Scotia remained for many years resentful of the methods by which she had been brought into the Dominion. There were occasional outbursts of resentment in British Columbia due to disappointment over the benefits which had been expected to follow entry into the union. French nationalist feeling in Quebec resulted not only in an effort to strengthen the barriers of race and language and religion, but also in an attempt to secure the support of French-Canadians in the other provinces by upholding their special minority rights. The bitterness over the execution of Riel after the rising of 1885, the controversy over the separate schools in Manitoba a decade later, and the opposition to military aid to Britain which reached a climax in the conscription controversy of 1917, all helped to widen the breach between the two races. In addition, the French felt that they were being unfairly exploited by English capitalists, and the Maritimes and the prairie provinces resented the financial and industrial dominance of the central provinces. It was not easy for Canada to develop a truly national outlook in the face of these sectional grievances.

The strain became still more apparent in the years after 1920. By that time the primary economic purposes of Confederation had to a considerable extent been achieved. The national railway system had been created. The settlement of the west was largely completed. A protected group of industries had grown up on the basis of the national market. The powerful business interests who had supported a policy of national integration were now less urgently concerned with the strengthening of the central government. On the other hand, new fields of development had opened up which attracted important business interests but which were largely within the provincial sphere. Mining and lumbering and the development of electric power had comparatively little to ask from the federal government and had some fear of federal interference. They tended

to uphold the idea of "provincial rights" to which the recent judicial decisions had given such support.

But there were other fields in which the need for active policies under a central direction was greater than ever. The war had given a tremendous impetus to Canada's industrial growth. In 1870 the value of Canadian manufactured products was \$221,600,000. This had grown by 1915 to \$1,318,500,000 and by 1918 to \$3,227,400,000. In the post-war world Canada was an industrial state ranking next to the Great Powers. But it was also significant that she stood sixth in the value of her total world trade, for this fact illustrated the exposed nature of her economy as well as her importance as a producer. One-third of Canada's production was sold abroad, the bulk of it in Britain and the United States. Agricultural products, and particularly wheat, were more dependent on export markets than were Canadian manufactures. But when these markets were hit by depression the effect was felt not merely by the exporters, but by producers for the domestic market who depended for their prosperity on the prosperity of the farmers and miners and lumbermen whose products were sold abroad.

Thus Canada after 1920 faced the social problems resulting from the growth of urban industrial centres, and those problems were increased when the depression of 1929 brought unemployment in the cities and distress in the rural areas. The regulations of hours and wages and labour conditions, the provision of old age pensions, the establishment of unemployment insurance and the granting of public relief to the jobless and the destitute, were all matters which must be undertaken by the government in the interests of the national welfare. But while it was most desirable that these services should be carried out on a uniform national basis, the interpretation which the Privy Council had placed on the constitution denied to the Dominion control over all these matters. When the Conservative government of R. B. Bennett passed a series of measures in 1935 providing for such things as the regulation of hours of work, minimum wages, unemployment insurance, and national control over the marketing of national products, the Privy Council found that all these Acts were beyond the powers of the federal government. This meant that the provinces were obliged to undertake the new social functions which conditions made necessary. But it was difficult to

secure uniform action by the provinces, or even to get some of them to act at all on certain matters such as unemployment insurance, and their finances were quite inadequate to enable them to undertake these burdens by themselves. The Dominion was able to do something by offering special grants to those provinces which would pass legislation along the lines laid down by the federal government. But such methods were awkward and unsatisfactory and failed to meet the real needs of the situation.

THE ROWELL-SIROIS REPORT

Various efforts were made to find a remedy. After the return of the Liberals to power in 1935 a Dominion-Provincial Conference was called which was the first of a series of discussions on the constitutional position. These led in 1937 to the appointment of a Royal Commission (the Rowell-Sirois Commission) to investigate the existing financial relations between the provinces and the Dominion and to recommend such changes as would lead to a more efficient distribution of resources and functions. Although this seemed to be concerned chiefly with the financial aspect of the problem, it had become clear that this was a central factor in the whole constitutional question, and that any readjustment must have as one of its aims the enlarging of the powers of the Dominion to bring them more in line with the original intention of the fathers of confederation.

The report which the Commission issued in 1940 contained five main recommendations. It proposed that the federal government should assume full responsibility for unemployment relief. The Dominion was to take over the debts of the provinces. In return it was to be granted sole authority to levy income tax, taxes on corporations and succession duties. The existing system of provincial subsidies was to be dropped; and in its place a new system of adjustment grants was to be adopted which would be based on what each province needed to take care of its obligations and to provide a reasonable and uniform standard of services in such fields as education and public health.

It had already become apparent that a number of provinces were reluctant to surrender their existing powers or to see the authority

of the federal government enlarged at their expense. Quebec showed some fear that the traditional French privileges might be weakened by any changes in the British North America Act. Ontario was doubtful about surrendering some of its existing taxing power even though it would at the same time be relieved of considerable expense. Some of the other provinces were afraid of federal interference with their existing policies or of increased federal taxation for purposes with which they had little concern. When therefore a conference was called in 1940 to consider the report, the opposition which was expressed showed that there was little prospect of getting any immediate action on its recommendations.

This was a very grave check in view of Canada's inability to amend her own constitution. Hitherto such amendments as had been needed had been secured by an address from both houses of the Canadian Parliament asking the British Parliament to pass the desired amendments to the British North America Act. The consent of the provinces had not been regarded as necessary. But previous amendments had made no substantial changes in the relations between the Dominion and the provinces. The changes which were now suggested, on the other hand, would mean a serious alteration of the existing basis. It was looked on as inexpedient, if not actually impossible, to force them through in the face of serious provincial opposition. The full scheme was therefore laid aside for the time being. In 1940 agreement was secured to an amendment which gave the Dominion control over unemployment insurance, but any wider adjustment was postponed until after the war.

CHAPTER XXII

CANADA IN THE WORLD CRISIS

In the period after the first World War, Canada faced the problems that grew out of her changing internal structure and her changed position in relation to the rest of the world. As a trading nation she was dependent on world markets for her prosperity, and on world peace and stability for her own internal stability and national welfare. As a nation whose new status in the Commonwealth gave her full control over her internal and external affairs, she had now the sole responsibility of deciding on the policies that would best serve her national interests. Yet her dependence on the outside world made it difficult either to solve her own problems by herself, or to influence world events in the way that would be most favourable to such solutions.

DEPRESSION IN CANADA

In the period immediately preceding the war, the settlement of the west gave an outlet for Canada's energies and an avenue for national expansion. In the period that followed, however, Canada found that her agrarian frontier had disappeared, and that her industrial growth during the war had changed the balance of her internal economy. There was still ample opportunity for economic expansion through the development of her natural resources, but neither the prairies nor the new mining frontier could absorb the hundreds of thousands of settlers that had poured in during the early years of the century. It was now the industrial towns that took the bulk of her growing population. Between 1921 and 1931, urban population grew by 1,200,000, while rural population increased by only 369,000. Canada thus faced the social problems resulting from urban industrial growth, which emerged with their full impact when the collapse of world prosperity in 1930 involved the nation in the general depression that resulted.

The effects were felt by all sections of the population. The

prairies were threatened by bankruptcy as the result of a drastic decline in the price of wheat, which cut the income of the western farmer by as much as three-quarters. Industry was hit by the decline in farm purchasing power; railways faced mounting deficits as a result of declining trade. Distress on the farms was accompanied by serious unemployment in the cities, and by 1935 one-tenth of the population was dependent on some form of private charity or public support.

The first essential remedy for this situation was the revival of foreign trade. In 1930 the Conservative government of R. B. Bennett came into power with the announced intention of blasting a way into the markets of the world. This was one of the professed aims of the new high tariff policy, which it was hoped might induce other nations to negotiate for trade concessions. There was little success in this aspect, but the protective duties gave Canadian producers a larger share of the home markets, and the new agreements on imperial preference that were reached at the Ottawa conference in 1930 gave Canada added advantages in the British market.

Trade however was not the only issue. The paradox of men starving in the midst of plenty, of workers unemployed when they and others stood in need of the goods they could produce, aroused a feeling in Canada as in other countries that extensive reforms were needed in the existing situation. A better system for the exchange of goods should be devised; a fairer distribution of the fruits of production and a basic minimum standard of living should be assured. These sentiments lay behind the social measures adopted by the Bennett government and declared invalid by the Privy Council, and they also found expression in the new political movements that arose in Canada during this period.

Earlier movements of political protest on the prairies and in Ontario had produced provincial governments by Farmers' parties in those regions in the twenties, and in federal politics had given rise to the short-lived Progressive Party. The new movements built to some extent on these traditions and on the same basis of agrarian discontent, but added fresh elements that were the product of new conditions. The Social Credit Party, with its roots in Alberta, put forward a complicated theory, whose basis

was that all economic problems could be solved simply by regulating the flow of money. The Co-operative Commonwealth Federation (CCF) which also drew its initial strength from the west, sought to draw together the farmers and the urban workers with a programme of moderate evolutionary socialism. In Quebec, economic discontent found expression in a new surge of racial



Malak

W. L. MACKENZIE KING

and provincial separatism through the Union Nationale led by Maurice Duplessis. All these were expressions of discontent with the older parties and their handling of the national crisis.

Yet in spite of victories in provincial elections, the new movements had little success on a national scale. In the federal election of 1935 they captured only a handful of seats. The Liberals under Mackenzie King swept into power with an unprecedented majority. The new government sought to reverse the Conservative protectionist policy by reciprocal trade agreements,

particularly those with the United States in 1935 and 1938, and to find a new approach to domestic problems through the Rowell-Sirois Report. But as we have seen, the latter failed in the face of provincial opposition; and by the time it was presented, the interests and energies of the nation were absorbed in a new world crisis.

CANADIAN EXTERNAL POLICY

In Canada's advance to nationhood, a major landmark was the securing of control over her own foreign relations. This put an end to a situation in which the British government was able to take actions that were binding on Canada even without her consent. Henceforth it would be for Canada to choose

her own course in foreign affairs, and to bear the consequences of her own decisions.

In practice however the choice was not as free as might be supposed. The policy that developed under Mackenzie King was conditioned by certain definite national interests. Among them was the need to maintain friendship with both Britain and the United States, and to promote friendship between those two countries by every means at Canada's command. Even more vital, if possible, was the need to maintain national unity in foreign as well as domestic affairs. King had been deeply impressed by the racial cleavages that developed during the first World War. He was determined to prevent a repetition of these dangerous national divisions, such as had arisen over the issue of conscription, and to avoid any course that might result in renewed threats to Canada's national unity.

One result was a tendency to avoid any positive decisions whatever, and particularly any decisions that involved specific commitments abroad. This was especially evident in Canada's attitude toward the League of Nations. While Mackenzie King expressed strong support for the League as an institution, he was even stronger in his dislike of any action by the League that might call for the use of force. In his view the League should be an instrument of co-operation and conciliation, not of coercion. His predecessors had in fact taken much the same attitude, as was shown by Canada's opposition from the beginning to Article X with its guarantee of all member states against aggression. Canada failed to get this provision eliminated or amended, but she consistently maintained that it was for Canada alone to decide whether she would use force in its support, and she was equally consistent in her resistance to all efforts to strengthen the power of the League to act against aggression.

By the nineteen-thirties the aggressors were clearly on the march. If they were to be stopped, the free nations must combine to do it, either in the League or outside it. They failed to take either course. The absence of the United States from the League weakened its effectiveness and increased Canada's reluctance to get involved in actions that might cause difficulties with her powerful neighbour. During the Ethiopian crisis—the one occasion

on which the League sought to impose definite restraints on aggression—Canada joined in imposing limited economic sanctions; but when the Canadian representative suggested that these should be extended by adding oil to the list of articles whose export to Italy was prohibited, the government at Ottawa disavowed his action. Similarly, no encouragement was given to Britain or France to count on Canadian aid in resisting German expansion under Hitler. King publicly refused to enter into any advance commitments, and adopted the attitude that when a crisis called for action, parliament would decide what that action should be.

Yet when war broke out in September 1939, Canada's course was clear. It had all along been recognized that if Britain were actually in danger, Canada's own interests would be at stake, and that even in the absence of formal pledges she must still lend her support. Her entry into the war was still the result of her own decision. It awaited the decision of parliament, and the formal declaration of war did not come until September 10. For a full week, Canada was technically neutral while Britain was actually at war. It was a clear demonstration of Canada's full sovereignty, and it was by a proclamation on behalf of the Canadian government that Canada on her own responsibility entered the world conflict.

THE SECOND WORLD WAR

In the course of the six years of struggle that followed, Canada found herself committed to a war effort that was far more extensive and varied than she had undertaken during the first World War, or than she had contemplated at the outset of the new conflict. She had expected to contribute chiefly through the production of war supplies, and to confine her military efforts to the raising of specialized units rather than the provision of large expeditionary forces. The fall of France in June 1940 destroyed all these calculations. Canada suddenly found herself second only to Britain in the ranks of the opponents of Hitler until the German invasion of Russia in 1941 changed the picture once more; and even then the fullest effort was needed to produce weapons and provide fighting men in support of the hard-pressed Allies.

By the end of the war, Canada had enlisted more than 1,000,000 men and women in her armed forces, and had lost 41,700 dead and missing. The Royal Canadian Air Force took a substantial share in the air offensive against Germany, and through the Commonwealth Air Training Plan the Dominion helped to train large numbers of airmen from other nations of the Commonwealth. The Canadian Navy expanded from a strength of 17 ships to over 900, and was ultimately entrusted with the bulk of the convoy work in the North Atlantic. Canadian troops carried out the costly raid on Dieppe in August 1942, and later played a notable part in the campaigns in Sicily and Italy and in western Europe.

The economic effort was even more impressive for a nation of some 11,000,000 people. Government and private enterprise co-operated in creating a whole new series of industries to meet wartime demands. Among the Allies, Canada stood fourth as a producer of war supplies, next in rank to the Great Powers and second only to the United States as a source upon which Britain and Russia could draw for weapons and materials. Her war plants produced goods to the value of \$10,000,000,000, three-fourths of which went to the nations with which Canada was allied.

A special feature of Canada's wartime activities was the increased closeness of her co-operation with both Britain and the United States. Even while the United States was neutral, a common concern with the defence of the North American continent led to an unprecedented agreement in this sphere. At Ogdensburg in August 1940 an agreement was reached which provided for a Permanent Joint Board on Defence to co-ordinate the policies of Canada and the United States. This was followed by arrangements which virtually pooled their joint economic resources for purposes of war production. The entry of the United States into the war was followed by the creation of a series of joint boards in which Britain as well as the United States and Canada combined to regulate various aspects of production in the interests of maximum efficiency. Canada co-operated in establishing new links between the United States and Alaska by the building of air bases and the construction

of the Alaska highway. Other bases, the product of joint efforts, became vital links in the ferry route for planes from North America to Britain, and key points for air patrols over the North Atlantic. And no example of collaboration was more significant, for its future consequences as well as for its immediate achievements, than Canada's partnership with Britain and the United States in the intensive research that led to the production of the atomic bomb.

These activities imposed heavy burdens on the Canadian people. Taxes were drastically increased, in an attempt to pay for as much of the war as possible from current revenue; yet even so the government had to borrow about half the money it was spending, and by the end of the war the national debt had increased four-fold to \$13,000,000,000. All told, the war and its immediate aftermath cost Canada over \$20,000,000,000. Yet the economic expansion that accompanied the war effort not only enabled the nation to bear these burdens, but raised the whole national economy to new levels during the period that followed.

POST-WAR FOREIGN POLICY

The fundamental element in Canada's external relations was still her friendship with the two great English-speaking democracies, Britain and the United States. Co-operation with both of them was more vital than ever, and was made easier by the fact that these two nations themselves were co-operating as never before. The abandonment of isolation by the United States and the acceptance of the obligations of world leadership drew that country into the closest relations with Britain as her primary ally in the defence of the free world, while Britain fully recognized in the United States the leader whose power and wealth were indispensable to the preservation of freedom and the restoration of prosperity.

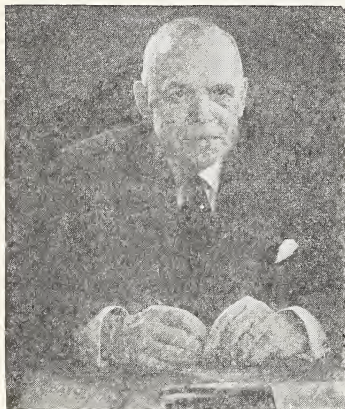
Here was a basis of common objectives on which Canada could collaborate without reservations. Her direct relations with Britain and the United States were important in themselves, particularly in matters of trade and defence; yet even in these fields, it was much more their common approach to world problems

than their own special arrangements or difficulties that occupied the attention of the three countries in their dealings with each other.

Factors such as these were reflected in Canada's new attitude toward external commitments. In contrast to her negative policy in the League of Nations, for example, her support of the United Nations was positive and sincere. Canada played an active part in the San Francisco conference, where the framing of the Charter was completed; and if Canadian leaders were critical of certain features, such as the extent of the veto power given to the Great Powers and the lack of any special recognition of the importance of the so-called Middle Powers such as Canada, they were none the less convinced that an organization of this kind was indispensable in the post-war world. Similarly, although the years that followed brought a measure of disappointment with the effectiveness of the United Nations in certain respects, the conviction remained that it must be upheld and strengthened wherever the possibility presented itself. Canadian support was forthcoming to nearly all the varied aspects of United Nations activity, including the work of the specialized agencies. Canada served a period of membership in both the Security Council and the Economic and Social Council, and the Canadian Minister for External Affairs, Lester B. Pearson, was elected President of the General Assembly at its seventh session in 1952.

It had been hoped that the United Nations would be able to provide a guarantee of security for all nations, but the hope was dashed when Russia broke with her wartime allies and embarked on a policy of expansion. It was soon clear that if Soviet aggression was to be checked, more effective arrangements would have to be made than were possible within the United Nations. The answer was found in the creation of the North Atlantic Treaty Organization, and one of the first advocates of such a grouping was the Canadian leader Louis St. Laurent who in 1948 succeeded Mackenzie King as Prime Minister. Canada was one of the twelve nations that signed the treaty of alliance in 1949. Her resulting defence programme called for the expenditure of \$5,000,000,000 during a period of three years, the provision of substantial economic help to the common effort, and the despatch

of an infantry brigade and twelve air squadrons to Europe. For the first time in her history, Canada had voluntarily accepted long-range military commitments, and Canadian troops found themselves serving in peacetime on a foreign soil. Meanwhile, Communist aggression in Korea had presented a challenge to the United Nations and to the whole of the free world. Canada



LOUIS ST. LAURENT

Karsh

supported the decision of the United Nations to resist the invaders, and a Canadian brigade fought with other United Nations troops in this first collective action against an aggressor.

Along with these measures went a clear realization that it was not alone through armed strength that the free world could be preserved and strengthened. The preservation of democratic freedom called for a sound and prosperous economy and a stable social structure.

The war-ravaged countries must be helped along the difficult

road to recovery; the under-developed lands of Asia and other continents must be aided to achieve a decent living standard. It was from North America, where one-tenth of the world's population enjoyed nearly half of the world's income, that most of the help must come. Canada shared this responsibility with the United States; and although she could not match the size of the contributions that her wealthier neighbour made, particularly through the Marshall Plan, she still made available through loans and gifts some \$3,000,000,000 between 1945 and 1952. Nearly half of this was in the form of a long-term loan to Britain. There were smaller loans to the countries of western Europe, and contributions through the United Nations agencies for European recovery and later for Korean reconstruction, and funds through the same body for technical assistance,

while \$25,000,000 a year was made available through the Colombo Plan. Canada, with a new stature in world affairs, was showing her readiness to rise to her new responsibilities.

CANADIAN NATIONAL CULTURE

In the political and economic spheres, Canada has achieved full national maturity. In the cultural sphere the task of expressing a national individuality has been more complex and slower of achievement. The Dominion has been powerfully influenced by contact with the two great cultures of Britain and the United States. Within the nation itself, the dual culture of English and French Canada has persisted, and on the French side it has brought in still other influences drawn from continental Europe.

The foundation of the culture of French Canada traces back to the Old Regime. It has been powerfully influenced by the Catholic church which occupies a central place in the life and thought of French Canada, and which has looked askance at certain currents of thought and expression in France itself since the time of the Revolution. As a consequence, the influence of modern France on the culture of French Canada has to some extent been held in check. Yet while the traditional basis has thus remained strong, the literary movements in France have none the less found their expression in French Canada. France as the home of European culture still attracted the admiration of French Canadians in the nineteenth and twentieth centuries. The romantic movement in French literature had its effect on French Canadian writing, especially poetry; and the later development of realism also influenced the French Canadian novelists of our own day.

English Canada, sharing a common language with Britain and the United States, has naturally been more exposed to influences from those two countries. If its basic traditions are drawn first of all from England, the fact that Canada is a North American country and that conditions of life are similar to those in the United States has had a profound effect on ordinary modes of living. In innumerable ways, from fashions in clothes to designs in skyscrapers, Canada shows the effect of American influences. Her news services and her popular magazines are to a considerable

extent American in origin. Her popular songs are those current in the United States. The radio and the movies have become new and potent influences in standardizing the culture of the whole continent. And though language has been a barrier, French Canada has not wholly escaped the influence of a neighbour who has been so close, and so influential over other sections of the Dominion.

None the less, there has been a deliberate effort to give the Canadian spirit a distinctive expression in the arts. Writers, both



Collection — The Art Gallery of Toronto

EMILY CARR: STUDY IN MOVEMENT

French and English, have turned to Canadian themes and sought through them to make clear the individuality of outlook which has found political expression in Canada's independent nationhood. The effort has met with most success in the field of art. Canada's north country in particular has attracted her painters, and they have developed a distinctive style with which to portray distinctively Canadian scenes. Poets like Roberts and Lampman have been consciously Canadian in their expressions. Increasingly in recent years, novelists have been exploring Canadian life both past and

present in an attempt to bring out the elements which are uniquely Canadian. If the national culture is still in a stage of evolution, there are lively efforts being made in all the arts to bring it to the stage of fruition.

In 1951 the Massey Commission, appointed two years earlier to examine the national development in the arts, letters and sciences, issued a report that summarized the chief features of Canadian cultural activities. It reached the verdict that "Canada's reputation in the arts, both at home and abroad, is based mainly on her painting." It recorded an astonishing progress in ballet during the previous decade, and an active musical life even although Canadian composers found it hard to achieve recognition. On the other hand, it found no body of creative writing that could be regarded as a truly national literature, in spite of the number of talented writers in both French and English.

The Commission made a number of recommendations designed to further the progress of Canadian cultural life. It recommended that the Canadian Broadcasting Corporation continue the control of national and private broadcasting by radio and television. An expansion of the work of the National Film Board was urged and the hope was expressed that its film collection would become an historical record of events of national importance.

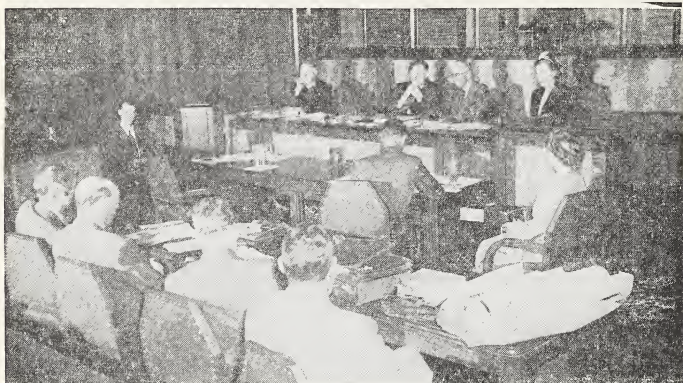
The Commission made a special appeal for adequate funds to staff and house the numerous federal agencies. It urged the establishment of a "Canadian Museum of Natural History" to ensure a record of the development of Canadian peoples. New buildings were requested for a National Library and for a National Art Gallery. It was urged that greater emphasis be placed on the restoration and preservation of historic sites and buildings.

The study of the Canadian Universities revealed that these institutions rendered valuable national services in many fields of culture. The Commission recommended federal aid for universities and also a national system of scholarships in the humanities, arts, and music.

The Commission reported some increase in interest in sculpture, the theatre, ballet, painting, and music. In all of these fields there

has been a lack of accommodation and training facilities. Usually the artists or musicians have a limited market for their efforts.

The most comprehensive proposal of all was the creation of a Canadian Council for Encouragement of Arts, Letters, Humanities, and Social Sciences. This Council would have fifteen members whose duty it would be to promote cultural activity at home and to encourage cultural relations with other countries. It was felt that important cultural contacts could be made abroad by sup-



National Film Board

THE ROYAL COMMISSION ON NATIONAL DEVELOPMENT IN THE ARTS, LETTERS, AND SCIENCES

Here the Commission is examining the work of the National Gallery of Canada and the National Industrial Design Committee.

porting the United Nations Educational Scientific and Cultural Organization.

Two things were clearly recognized by the Report. One was the problems that arose in the cultural field as a result of Canada's closeness, not only in geography but in outlook and in ways of life, to the United States. The other was the dual nature of Canadian cultural traditions and activities as a consequence of the existence of two major language groups. From both aspects there were problems of creating a culture that could

be looked on as specifically and universally Canadian. For instance, the dual language "cannot but complicate our progress toward a national literature, since our efforts to this end must proceed along two great routes which are parallel, but different." Yet with all these difficulties, there was clear evidence of progress toward the desired goal; and above all there was a broadening realization that it would be through the ability to express themselves in truly universal terms that Canadian artists and writers would find the surest way to create a truly national cultural life.

CHAPTER XXIII

NATIONALISM IN THE BRITISH EMPIRE AND COMMONWEALTH

Within the British Empire and Commonwealth are people of all races and religions, at all stages of civilization. It comprises one-quarter of the human race and covers approximately one-quarter of the earth's total land area; it possesses vast natural resources and carries on considerable international trade. Although it does not always present a unified front in world affairs, it exercises considerable force in shaping world opinion in the pursuit of a lasting peace. The Commonwealth as it evolved from the British Empire is an achievement unique in the history of civilization.

VARIETY IN THE COMMONWEALTH AND EMPIRE

The Commonwealth now consists of eight independent sovereign states. The combined population of this group, which includes the United Kingdom, Canada, Australia, New Zealand, South Africa, India, Pakistan, and Ceylon, is more than five hundred million. The origins of the many similarities of the parliamentary institutions in these countries are found in the British background of Magna Charta, Bill of Rights, cabinet system, universal suffrage, and respect for law.

The British Empire includes fewer than one hundred million people, about one-fifth the population of the Commonwealth. A varying degree of supervision is exercised by the British Colonial Office on all of these communities. The colonies, protectorates, and trusteeships, vary in their degree of development towards complete self-government. The majority of them have a form of parliamentary legislature, and many of the older colonies have universal adult suffrage. Except for external affairs, Malta is self-governing. The colonies in Central America and the West Indies, such as Barbados and British Honduras, are governed by a British executive and an elected assembly.

The largest land area of the Empire is found in Africa. Where political problems are not complicated by European minorities, considerable progress has been made towards self-government. Many areas, such as Uganda and Bechuanaland, are protectorates rather than colonies. In these areas British officials act indirectly through native rulers. Frequently these native rulers have absolute authority over their subjects and are protected by the British. The former German colonies of Tanganyika, British Togoland, and British Cameroons, are now controlled by the United Kingdom as trusteeships.

Alone among the older members of the Commonwealth, Canada is free from dependencies, and this probably influences our outlook towards dependent peoples. Australia is trustee over New Guinea, and Western Samoa is under the trusteeship of New Zealand. The former German colony of South West Africa is still retained by the Union of South Africa as a mandate, not as a trusteeship.

The enormous Empire is widely scattered throughout Africa, Asia, the Mediterranean, South America, Central America, the West Indies, and the great oceans. It is evident that it is a very complex organization.

The relationship within the First Commonwealth, which included the United Kingdom, Canada, Australia, New Zealand, and the Union of South Africa, was clearly defined by the Balfour Declaration, and the Statute of Westminster. It was the result of a long, continuous development towards internal, and later external, self-rule. In the main it was achieved by a group of people who had originated in the British Isles and shared many loyalties with the British people. The pattern of the new or Second Commonwealth appeared after the Second World War when sovereign status was granted to millions of Asiatic people. The impact of this group on Commonwealth policy towards nationalism in colonies and towards international alignments is the distinguishing feature of the new organization.

NATIONALISM IN INDIA CHANGES THE EMPIRE

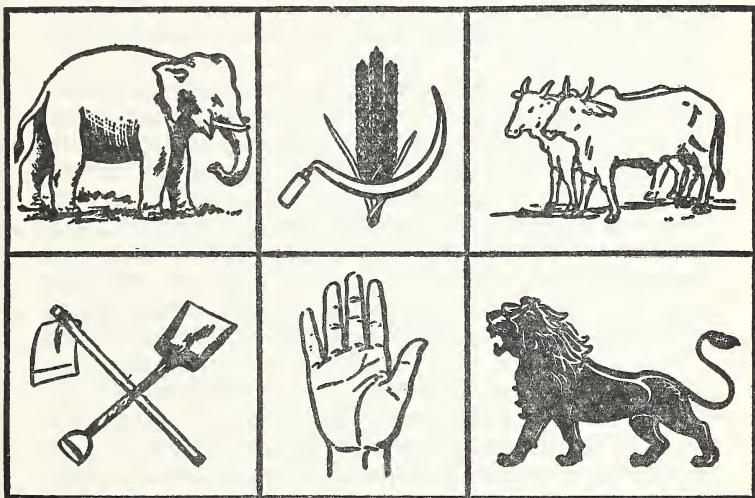
In the age of discovery, India was the legendary land of great wealth and was coveted by all the great colonial powers. Portugal

and the Netherlands were the chief contenders during the sixteenth century. England and France entered the colonial struggle, and with the defeat of France in 1763, England's supremacy in India was secured. India was divided into hundreds of warring princely states which accepted British rule in preference to rule by other neighbouring and rival Indian states. England's rule in India was carried on by the British East India Company until 1858 when authority was transferred to the British Crown. Queen Victoria assumed the title of Empress of India in 1877. Economically, India was the "brightest jewel in the imperial crown", and for many years the authority of Great Britain in the world was derived to a considerable extent from the wealth secured by the control of India.

Many barriers have prevented Indian unity and have hindered the establishment of self-government in India. The Indian peninsula is a land of many religions. About two-thirds of the people are Hindu, most of whom now live in the Republic of India. About one-fifth of the people are Moslems, and most of these live in Pakistan. Although the Moslems are outnumbered by the Hindus in the Indian sub-continent, they have a religious and political unity which gives them tremendous influence in world affairs. In dealing with Moslems in what is now Pakistan the effect of policies on other Moslem states must be considered. Of great concern is the effect of policies on oil-rich Iran, Iraq, and Saudi Arabia, and on other strategic Moslem states such as Syria, Lebanon, Jordan, Egypt, and the Moslem communities west to the Atlantic. In addition to the two main religions in India, there are others, such as Christianity and Buddhism, which have millions of adherents.

A second factor which delayed independence is that Indians speak seventy-three different dialects and languages. Fortunately these fall into two main groups and within each group there is a degree of understanding. It is obvious that this creates problems in government. It is particularly difficult when the state consults its citizens through the democratic process. One must admire Nehru for his attempt at representative government when he held the first election in 1952. He had to teach people how to hold elections, how to mark ballots, how to draw up a voters' list for one hundred and seventy million voters—and this for a largely illiterate population with diverse languages.

The Hindu caste system has also divided India. There were originally four main castes, but there are now more than two hundred sub-castes. This has created many social and economic barriers. There is a large class of forty million "Untouchables". Their movement is restricted, their economic activities are limited



Courtesy, The American Observer and World Affairs

INDIA'S ELECTIONS

About seven-tenths of the 176 million people in India who are eligible to vote can neither read nor write. The symbols shown above are used to enable these people to identify the party to which a candidate belongs.

and, in many ways, their lot is far worse than that of races persecuted in other countries. It is true that Nehru's government has passed laws removing restrictions on the "Untouchables", but it is doubtful if a social revolution will be immediate.

When Britain controlled the sub-continent, one-quarter of the population, occupying approximately half the territory, was ruled by more than five hundred native princes. All of these had signed treaties for protection with Britain. The Nizam of Hyderabad,

reputed to be the wealthiest man in the world, was one of these native princes who ruled an area in which the population was about the same as that of Canada. For many years British rule maintained peace among this diverse group of states, and to some extent this explained the reluctance of the British to surrender responsibilities in India until a stable government could replace her rule. Fortunately, with one or two exceptions, the States of India and Pakistan have concluded successful and peaceful agreements with these native princes.

There have been severe criticisms, particularly from the United States, of British imperialism. It has been maintained that social achievements were few, that the Indian army was exploited for the extension of British rule, that white officials were overpaid, and that industrialization was restricted to the advantage of Britain. On the other hand, significant advances were made in education and in health and sanitation. Hospitals were built and sanitation systems constructed in major cities. In a country where all animals are sacred, it is difficult to carry out a rat extermination programme, even though the rat may spread bubonic plague! Irrigation works have been established, particularly along the Ganges River, and agriculture schools have been maintained. India's railway system is the fourth largest in the world. The communication system is adequate and India has become a country with many large industries. British rule has developed an efficient and well-trained civil service and has established an admirable judicial system which follows British procedure. Above all, India has had many years of peace.

However, in modern times, nationalist forces maintain that there is no longer a case for imperialism, either good or bad. These rising nationalist forces contend that government from the outside, however good, is not a substitute for self-government. Pandit Nehru insists that there is only one strong force in the Far East that must be recognized and that is the force of nationalism. He has maintained this for many years, and over a large part of Asia it is now apparent that the rule of the white man is ended.

The rise of nationalism in India has been steady. By 1900, it had rallied against British rule through the Indian National Congress Party. By the outbreak of the First World War there was a measure

of self-government. The nationalists were disappointed when they did not receive dominion status in return for co-operation during the First World War, and many disturbances took place. In 1919, at Amritsar, more than four hundred natives were killed and many wounded on the order of a British officer. Such incidents made the natives of India more determined than ever to have complete home rule.

The Moslems and Hindus rallied around Mohandas Gandhi whose aim was to gain independence by peaceful means. His weapon of non-violence was civil disobedience. The Mahatma, or Great Soul, insisted that his followers must not be angry. They were not to insult or injure officials, nor were they to resist arrest. His followers boycotted British goods, wore homespun cotton, refused to pay taxes, and broke the British salt monopoly, and thousands of them besieged the jails with the demand that they be arrested. Mohandas Gandhi was sentenced to six years in jail and the British took more repressive measures. Pandit Jawaharlal Nehru succeeded Gandhi to active leadership in 1934, but until the Mahatma was assassinated he exerted considerable influence and was almost venerated as a saint.

The nationalist move in India could not be kept free from religious influences, and the Moslems formed the Moslem League. The aims of this League culminated in the formation of the separate Moslem state of Pakistan. For many years the British insisted that the Moslems and Hindus were to resolve their differences before dominion status could be granted. Although Gandhi's Congress Party was weakened by the split in the nationalist forces, it continued for many years to insist on an independent but united India.

The India Act of 1935 gave responsible government to the provinces although the Viceroy retained veto power. The central legislature had little power.

At the outbreak of the Second World War the Viceroy declared war on India's behalf without consulting the government. Congress members refused to co-operate and resigned their offices. In 1942, when Japan was threatening the whole of Asia, Sir Stafford Cripps headed a mission to India and offered independence after the war. In 1946, Prime Minister Attlee, leader of the new Labour government in the United Kingdom, again offered independence, and in

1947 it was announced that by June 1948 all symbols of British authority would be removed. In 1947, the Indian Independence Act created the two states of India and Pakistan. Each new state had the option of remaining in the Commonwealth with sovereign status or of leaving the Commonwealth as an independent state.

In 1942, Prime Minister Winston Churchill had declared: "We mean to hold our own. I have not become the King's First Minister in order to preside over the liquidation of the British Empire." However, on political grounds it was soon apparent that the days of British rule in the face of Indian nationalism were numbered. Later events throughout the world have brought many more adjustments in colonial policies.

Pakistan is made up of two zones in which the Moslems are in the majority. One of these zones is in the northwest in the Indus River area, and the other zone is in the northeast and is separated from the eastern zone by hundreds of miles of Indian territory. The division of the Indian sub-continent has created many economic and religious problems. The huge trading and industrial centre of Calcutta in the northeast is not in Pakistan and this creates a need for economic adjustment. Trade, transportation, and communications, have been disrupted, and in a country where starvation is common these dislocations present many problems for the new state. Obviously boundaries could not be drawn exactly between the two main religious groups and there have been many outbreaks of violence with loss of life. Millions of Moslem refugees have reached Pakistan from India, and millions more from Pakistan must be cared for by India. In 1950, Liaquat Ali Khan of Pakistan and Pandit Nehru of India signed the Delhi Pact which stated, "The Governments of India and Pakistan solemnly agree each shall ensure to the minorities throughout its territory complete equality of citizenship, irrespective of religion, a full sense of security in respect of life, culture, property, and personal honour, freedom of movement within each country, freedom of occupation, speech, and worship, subject to law and morality." In the face of religious strife such action by two great statesmen was most gratifying.

The sovereign state of Pakistan found that it had inherited little of the administrative staff or equipment from the British. This problem, added to overwhelming human and international problems,

has delayed progress in constitutional matters. A Constituent Assembly has been carrying on. It recently indicated that it would seek for Pakistan the status of a republic within the Commonwealth and would be similar in this respect to India. Although the constitution has not been finally drafted, it appears that it will be based on a religious creed.

As early as 1946 Nehru had indicated that India would seek to become a sovereign democratic republic. To most people it appeared that republic status would preclude membership in the Commonwealth. However, in 1948, the Indian Congress presented a resolution which stated that she wished to maintain all such links with the United Kingdom and the Commonwealth which would promote common welfare and world peace as long as Indian independence was secured. A new Commonwealth pattern emerged. In 1949, at the Conference of Commonwealth Ministers in London, an agreement was reached that a republic could be a full partner and in January, 1950, the Republic of India was established with full membership in the Commonwealth. The Balfour Declaration had stated that the members of the Commonwealth were united by the common allegiance to the Sovereign. India does not owe allegiance to the Queen or Crown. A President replaces the Governor-General as head of the state. What then is the status of the Queen? India recognizes the Queen as a "symbol of the free association of independent member nations and, as such, the Head of the Commonwealth". In the debate in the Canadian House of Commons on the Royal Style and Titles Bill, Mr. L. B. Pearson, Minister of External Affairs, stated: "It is of great significance that the words which are common to all titles in all parts of Her Majesty's realms are the words 'Head of the Commonwealth'. Our Queen is Head of a Commonwealth whose members include a republic of which she is not Queen and in which she has no constitutional function to perform. That, I suggest, is striking evidence not only of the adaptability of the Commonwealth to changing conditions, but of the political realism and ingenuity of the peoples and the governments who make up the Commonwealth. At London, it was agreed to differ, if necessary, in the title and style of the Crown, but we all agreed in our determination to pursue

within the Commonwealth those ideals for which the Crown so finely stands—peace, dignity, and ordered progress”.

It is unfortunate that the Kashmir dispute has hindered unity of the Commonwealth. Kashmir, in the north of the sub-continent of India, has a common frontier with Soviet Russia and is of great strategic importance. It is a country supported by an agricultural economy, but there is considerable mineral potential. Three of the great rivers which supply water for West Pakistan rise in Kashmir. The preponderant majority of the four million people are Moslems. Pakistan regards Kashmir as an economic and religious part of her nation. The Maharajah, who is a Hindu, has closer ties with the Republic of India. In 1947, Pakistan alleged that Kashmir had been invaded by some Hindus, and a counter-invasion of tribesmen from Pakistan established a “free” Kashmir government. The Maharajah went to Delhi and agreed to accede to India. Indian troops entered Kashmir and bitter and prolonged fighting lasted until the United Nations cease-fire in 1949. A United Nations Commission, which includes several Canadians, has supervised this cease-fire, but the troops of India and Pakistan continue to face each other in Kashmir. Ralph Bunche, the famous United Nations mediator in Palestine, regards this area as one of the most dangerous in the Far East. A religious war between Moslem and Hindu could involve hundreds of millions of people. Both sides have agreed that a vote of the people in Kashmir should be taken to determine its future status, but a deadlock has developed over the conditions of this plebiscite. India claims that religious issues must be avoided in the election and contends that the plebiscite should be held under Indian supervision or should be delayed until religious feelings die down. Nehru is fearful that if a settlement is forced, the conflict may become a great religious war. On the other hand, enemies of Nehru claim that his actions in Kashmir indicate an Indian imperialism and that there are both moral and economic reasons why India should withdraw her troops.

CEYLON

Ceylon is also a country of many races, religions, and languages, but on the whole, the various communities live side by side in a very happy unity.

The British seized Ceylon late in the eighteenth century during a war with the French. Until the end of the next century, it was a typical British colony ruled by a governor and his appointed council. Gradually, democratic principles were extended to the Ceylonese, and in 1931 Ceylon became the first Asiatic country to have universal suffrage.

In 1943, Ceylon was promised internal self-government after the war, and in 1948 she became a sovereign state within the Commonwealth. Ceylon's transition from colonial to independent status was brought about in an atmosphere of understanding and good will. This peaceful development is most heartening when contrasted with the strife and bitterness so typical of national risings in Asia and Africa.

Ceylon has concluded a defence agreement whereby Britain has certain privileges at a naval base in Ceylon and, in return, Britain extends aid to develop Ceylon's armed forces. The spirit of this agreement was by no means imperialistic but rather was concluded in friendship and co-operation.

NATIONALISM REDUCES THE EMPIRE

Britain established her authority over Burma in 1886, and although the natives are of different race and background and are mainly Buddhists, they were ruled as natives of India. After years of nationalist agitation, Burma was separated from India in 1937, but Britain was reluctant to hasten constitutional reform.

During the Second World War some Burmese raised the Burma National Army and assisted the Japanese in the hope that Burma would be granted independence. The Burma Road leading into China was of great strategic importance to the forces of the United Nations. The rule of Japan was much more despotic than British rule, and towards the end of the war another group supported the British forces against Japan. This force became the strongest political group in Burma.

After the War a Constituent Assembly was elected and it decided that Burma should be an independent republic and out of the Commonwealth. Britain agreed to this, and Burma left the Commonwealth in January 1948.

Achievement of national aspirations is not always a solution to problems. Premier Nu of Burma recently said: "Anybody when asked about the political situation in our country will answer that it is an awful mess. There can be no other answer." The government has little control of the country outside of the capital of Rangoon. The economy has been disrupted, and there has been almost continuous civil war. Burma's proximity to China and Indo-China involve her in the events of the Cold War. There is some conviction that Burma would have found more stability by remaining in the Commonwealth with a status similar to that adopted by India in 1950. She would have had an identity with other countries, and received more financial assistance and trade concessions. However, in 1948, Commonwealth membership did not seem compatible with Burmese national aspirations.

EIRE

In spite of the nationalist tendencies of the Welsh and the Scots, a political unity with England has been achieved. In modern times, they have been associated in harmony in what is called Great Britain. However, there has been little harmony with most of Ireland. Historically, British rule in Ireland has tended to strengthen rather than submerge Irish nationalism. For many years the Crown was a symbol of oppression and discrimination.

Northern and Southern Ireland developed along different lines. In Northern Ireland many of the Irish were driven out and the land was given to immigrants from Britain. In Southern Ireland, the Irish stayed, but became poor tenants to "absentee" English landlords. During the eighteenth and nineteenth centuries, the lot of the Irish was intolerable. The Irish in the South were Roman Catholics and suffered many economic and political restrictions. The North of Ireland was more industrialized than the agricultural South and British trade policies favoured industry and increased the hardships of the Irish in the South.

Reforms were gradually achieved, and by the First World War Britain was ready to offer internal home rule, but by this time Southern Ireland was demanding complete independence. In 1921, Southern Ireland was granted dominion status, while Northern

Ireland continued as part of the United Kingdom. This is still a problem, as Southern Ireland insists that the fulfilment of Irish nationalism is impossible without the inclusion of the North. A new constitution came into force in 1938 and Southern Ireland was renamed Eire. The constitution made no mention of a Governor-General or of the Crown. However, in dealing with foreign countries the Irish still acted in the name of the Crown. Finally, in 1948, Eire severed all association with the Crown and Commonwealth by repealing the External Relations Act.

Irish nationalism exerted considerable influence in the formation of the present Commonwealth. In many ways it spearheaded the demand for the relationships achieved by the Balfour Declaration. Unfortunately, Ireland's historical relationships with Great Britain appeared to overshadow the benefits to be derived through continued association in the Commonwealth.

EGYPT

Egypt is a former British protectorate which became independent. Following the First World War, Egyptian nationalist objection to foreign control increased, and in 1922 Egypt was declared an independent, constitutional monarchy. Britain reserved the right to station troops in strategic centres in Egypt. This agreement was revised by a new twenty-year treaty in 1936, and Britain withdrew her troops to the Suez Canal Zone, which of course was vital as the lifeline of her empire. In the struggle against the Axis in the Second World War, Britain returned to the delta in Egypt and constructed various military bases. Egyptian national sentiment boiled over when Iran defied Britain at Abadan. In 1951, Egypt announced that she had abrogated the treaty of 1936. In July, 1954, after years of sporadic negotiations, armed clashes, and assassinations, Premier Nasser of Egypt announced the terms of an agreement with the British. He stated that this agreement would open a "new era of friendly relations between Egypt and Britain".

Under the terms of the agreement British troops would be withdrawn within twenty months and the military base at the Canal would be maintained by British civilian firms for seven years. The agreement grants British troops the right to return to the Suez

Canal region in the event of an armed attack against Turkey or any of the seven Arab League Nations, which comprise Egypt, Saudi Arabia, Iraq, Syria, Lebanon, Jordan, and Yemen.

For many years the Anglo-Egyptian Sudan has been ruled by Britain and Egypt. In 1951, King Farouk of Egypt announced in an imperialistic move that he was also King of the Sudan. Britain, of course, did not recognize this claim. After considerable negotiations Egypt and Britain agreed to withdraw from the Sudan in 1955. The Sudanese may vote for one of three courses. They may be independent, join Egypt, or have some association with the Commonwealth.

ISRAEL

When Palestine was freed from Turkish rule during the First World War, she was placed under the authority of Britain as a mandate. Obviously, this mandate was of a different class from some of those in Africa. It was assumed that British responsibility would be necessary for a limited period and then self-government would be granted.

Two opposing nationalist forces turned Palestine into one of Britain's most serious colonial problems. To gain Arab support, Britain had promised an independent Arab state but, on the other hand, it was indicated that Britain "views with favour the establishment of a national home for the Jews". The Arabs outnumbered the Jews in Palestine and received support from other wealthy, influential, and strategic Moslem states. The Jewish cause was well supported, not only in the Holy Land, but by influential and well organized Jews in the United States, the United Kingdom, and other countries. The Jewish migrations following the Second World War increased Jewish influence in Palestine. This alarmed the Arabs and complicated the problem. Armed clashes followed and both sides condemned the British. By trying to remain neutral, Britain offended both sides. In 1948, the mandate was surrendered to a somewhat reluctant United Nations Organization. Palestine was divided between the Jews and Arabs, but the problem is by no means settled. The tide of nationalism has forced the termination of British rule, but there is still the clash of national aspirations between Jews and Arabs.

THE FEDERATION OF RHODESIA AND NYASALAND

The new Federation of Rhodesia and Nyasaland was established in October 1953. This is an interesting experiment because it marks the union of three territories which are at different stages of constitutional development, and it is also significant in that it has adopted the principle of a state ruled, not by white or by coloured people exclusively, but by Europeans and Africans in partnership. The area of one-half million square miles will make the new federation one of the largest political units in Africa. The population is over six million and the white race makes up more than three per cent of the total.

The British South Africa Company developed Southern Rhodesia from 1889 to 1923. In 1923, as a result of a petition, the United Kingdom formally annexed the territory as the colony of Southern Rhodesia. The Company also administered Northern Rhodesia until the Crown took over direct control in 1924 by establishing a protectorate. British influence in Nyasaland started with missionary effort and in 1891 it was made a protectorate.

As a colony, Southern Rhodesia enjoyed a large measure of internal autonomy. The two protectorates of Northern Rhodesia and Nyasaland were ruled through an appointed Legislative Council and some of the members were selected to represent native interests. Indeed, in Northern Rhodesia, the natives had a measure of representation through two members. Although closer association of the three areas was considered in 1938, it was not until 1951 that a conference was called in London. The advantage of an economic union was evident, and the union afforded further advantages in the fields of defence, communications, and public welfare services. For some time, African opinion in Northern Rhodesia and Nyasaland opposed the union as the Africans feared the loss of the prospect of greatly increased representation in the future. The proposed division of powers in the federal union made it apparent that matters pertaining to the daily life of the natives, such as health, education, and land settlement, would continue in the hands of the local government. With the exception of such things as external affairs, defence, trade, and transportation, all residual powers would rest with the states. Furthermore, it was decided that

the political advancement of the natives in the two northern states would not be the concern of the central government, but would be subject to the ultimate authority of the United Kingdom government. In the new Federal Assembly about one-third of the members were to assume special responsibilities for African interests.

In 1953, the scheme was approved by the United Kingdom and by the three native governments. The first federal parliament met in February 1954.

The new federation has not received complete self-government. The United Kingdom will continue to retain general responsibility for external affairs although the federation may enter into some international agreements about trade. The governor, too, has reserve powers for certain types of legislation. The final intention is clear—it is, as stated in the constitution, “to go forward with confidence toward the attainment of full membership in the Commonwealth”.

NATIONALISM WITHIN THE COMMONWEALTH AND INTERNATIONAL AFFAIRS

What is the future of the Commonwealth in international affairs? How can nationalism be allowed and Commonwealth unity in action or commitments be preserved?

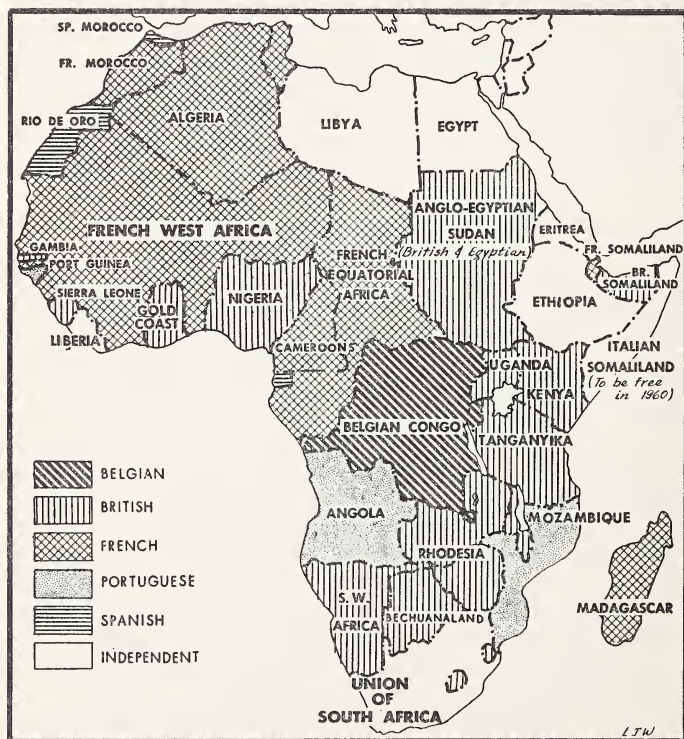
Until the First World War, the pattern of the first Commonwealth or Empire was clear enough. In the main, the United Kingdom was the leader, not only in the Empire, but in the world. She was the banker of the world, she had the resources, and, of course, she had the British navy. The emergence of the United States as a world leader during and since the Second World War has changed the Commonwealth. The foreign policy of all Commonwealth countries has been reshaped by each country to suit national concepts of the role of the United States in the pursuit of peace. These national concepts have brought about adjustments in foreign policy and some disunity in the Commonwealth. The Atlantic members, Canada and the United Kingdom, have joined in the North Atlantic Treaty Organization to support a common policy with the United States. The loss of Singapore during the war and the easy victories of Japan considerably weakened British

prestige in the Far East. The dominant role which the United States plays in the Pacific has brought Australia and New Zealand into a pact with the United States. It is significant that, although the United Kingdom is a Pacific Power, she has been excluded from the ANZUS pact. The preamble to the treaty recognizes "that Australia and New Zealand as members of the British Commonwealth have military obligations outside as well as within the Pacific area". Nevertheless, there is no longer a common unity in Commonwealth commitments. Pakistan, as an Asiatic power, has merged her policy with the United States in opposition to Soviet Russia. She has recently concluded a defence pact with the United States and in doing this has drawn heavy criticism from India, another Commonwealth country. India has attempted a policy of neutrality in the Cold War and toward regional defensive grouping. This policy has frequently opposed that of the United States and of most members of the Commonwealth. India was the first major nation to recognize Communist China in 1949 and has persistently advocated membership for her in the United Nations. She refused to ratify the Japanese Peace Treaty because Red China had no part in the negotiations. Most of the criticism of India has come from the United States, but there is evidence that other Commonwealth countries would prefer a modified policy toward China if the United States would give the leadership. There is a feeling that little is being done to weaken the alliance between Peiping and Moscow. Indian officials have stated that the threat from Russia and China has been exaggerated, and that colonialism and racial tensions are the main issues. It must be remembered that in many Indian minds, western nations are still associated with colonialism, exploitation, and imperialism, and it is felt that these accusations may well apply to the United States. Indian leaders are not convinced that the Cold War is a war between right and wrong, and they feel that regional pacts may strengthen the aims of imperialist nations and weaken the United Nations. India's immediate neighbours are Soviet Russia and Red China. It may be the course of wisdom to live in amity rather than at enmity with them.

There is a difference in the Commonwealth with respect to racial policies. The policy of racial segregation and discrimination as pursued by the Union of South Africa has brought repeated protests

from India and Pakistan. To some Indians, the very fact that the Union of South Africa could remain in the Commonwealth and pursue racial segregation as a social policy was sufficient reason for India to break with the Commonwealth.

About a quarter of a million people of Indian and Pakistani origin live in the Union of South Africa and this complicates the colour problem. Indian immigration to most Commonwealth countries has been restricted, but most of the resentment has arisen from



POLITICAL MAP OF AFRICA

the restrictions placed on resident Indians in Africa. For many years they paid extra taxes and their activities were limited. In the main, they have been classed as other coloured people and have been forced to adopt an inferior and restricted mode of living. Premier Malan's apartheid policy brought fresh grievances. In 1946, the South African government passed the Asiatic Land Tenure and Indian Representation Act which barred citizens of Indian origin from holding or acquiring property in most areas of Natal province. Representatives from their communities were to be European. India cancelled her existing trade agreement with South Africa. She withdrew her high commissioner but left the office there. In July, 1954, Prime Minister Malan announced that in view of Indian trade sanctions, the office was to be closed. Thus there are now two important members of the Commonwealth without diplomatic association. India and twelve other Arab-Asian states placed the racial issue before the United Nations, stating that it was "a dangerous and explosive situation which constitutes both a threat to international peace and a flagrant violation of the basic principles of human rights and fundamental freedoms which are enshrined in the Charter of the United Nations". South Africa, of course, has fought the issue on the grounds that race conflict in South Africa is an internal matter associated with other internal affairs and that the United Nations has no competence to intervene. A Study Commission has been set up by the United Nations, but it is doubtful if much will be accomplished.

Many citizens of the Union of South Africa object to the more progressive racial policies in some of the British colonies. In the Gold Coast, the British Colonial Office has given most of the domestic rule to natives. They elect a native assembly and a native Prime Minister by a direct election. Most of the cabinet is selected from this assembly. Nigeria is not as far advanced as the Gold Coast, because there are many differences among the native groups. Nevertheless, the natives have elected their own parliament and most of the members of the cabinet are natives. The result of these experiments will have a tremendous influence on nationalist aspirations in Africa. If this experiment is successful, many others will be encouraged to demand self-government. Commonwealth unity with Asiatic members may depend upon putting the interests

of the coloured people in Africa above those of the white. A situation could arise in which the United Kingdom and Commonwealth would have to choose between continued increase in self-government for the natives and South Africa's continued membership in the Commonwealth. Asiatic countries insist on equality, but obviously the minority group, of European origin, in the Union of South Africa will not accept a minority position.

Canada, New Zealand, and Australia, have less clear-cut attitudes towards nationalism in colonies. Canadians have close associations with Europe and have some sympathy with a policy of preserving the global power of France, the United Kingdom, Belgium, and the



British Information Services

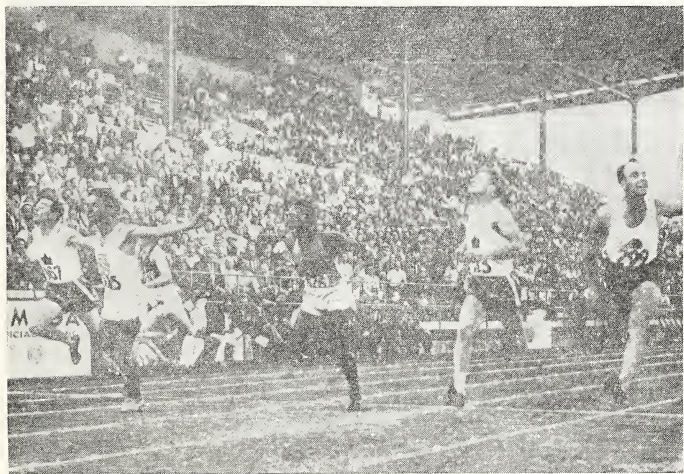
GOLD COAST ELECTIONS

The thumb of a registered voter is inked before he records his vote, to show that he has already voted once and cannot vote again.

Netherlands. We are not a colonial power, and have sympathy with the natives, but we are not always in complete agreement with change in response to nationalist demands if it is too rapid. Australia and New Zealand have their own dependencies, and the question of nationalism is frequently embarrassing to them.

LINKS OF THE COMMONWEALTH TRANSCENDING NATIONALISM

Although the future of the British Empire and Commonwealth seemed uncertain twenty years ago, it now appears that, by recognizing nationalist aspirations, Britain has been able to win friends rather than make enemies. Asian nationalism has been recognized and Asian democracy founded. It is true that there has been a distribution of power, but in the long run this may be the path to

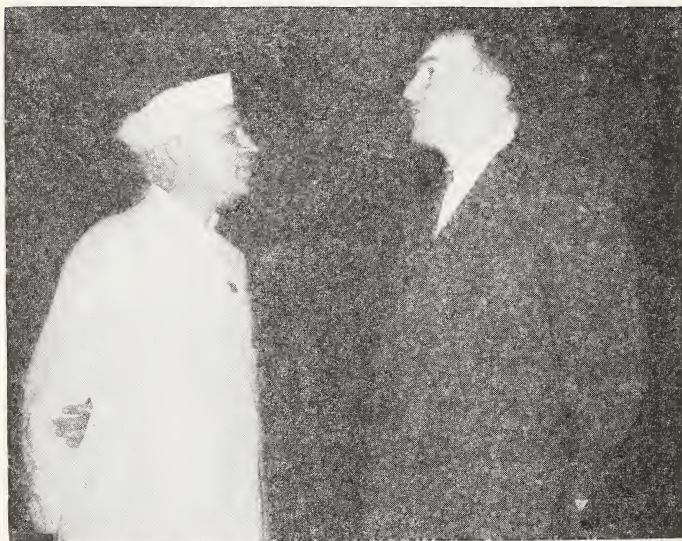


Courtesy, Empire Photos

THE BRITISH EMPIRE AND COMMONWEALTH GAMES

Mike Agostini of Trinidad (second from left) wins the 100-yard dash against competitors from Australia, Canada, and Nigeria, in the 1954 Commonwealth Games at Vancouver, B.C.

strength and world peace. In spite of the Kashmir conflict, racial and colonial strife, and a division in the Cold War, there are many links that unite the Commonwealth and transcend nationalism. The recent British Empire and Commonwealth Games at Vancouver



Department of External Affairs

AT THE INAUGURAL CONFERENCE OF THE COLOMBO PLAN CONSULTATIVE COMMITTEE IN NEW DELHI, 1953

Mr. Nehru, Prime Minister of India, chats with Mr. James Sinclair, Canadian Minister of Fisheries.

demonstrated to the world, not only a high standard of athletic attainment by the twenty-four participating countries, but also, in symbolic form, the co-operation and brotherhood of a great family of nations. It is almost certain that this same spirit of co-operation will be continued for many years.

In 1950, the Foreign Ministers of the Commonwealth met for the first time in Asia. The conference was held at Colombo, Ceylon,

and here the Colombo Plan for South and Southeast Asia was initiated. A summary of the motive is found in the Plan: "In a world racked by schism and confusion, it is doubtful whether free men can long afford to leave undeveloped and imprisoned in poverty the human resources of the countries of South and Southeast Asia which could help so greatly, not only to restore the world's prosperity, but also to redress its confusion and enrich the lives of all men elsewhere." Canada and the other fortunate members of the Commonwealth have recognized the value of improving the economic status of Asiatic countries as a contribution to political stability in the world.

The original members of the plan included the Commonwealth, and such British territories as Malaya, Singapore, and Sarawak. Later, other countries such as Burma, Laos, Cambodia, Viet Nam, Nepal, and Indonesia, were added. The area includes about one-quarter of the world's people, and the intention is to supply capital and technical assistance for the development of many natural resources. The scheme envisaged a total expenditure of five billion dollars, with three billion of this supplied from outside the area. The Commonwealth effort is associated with United Nations Agencies and with the Point Four Programme of the United States.

Canada has contributed one hundred million dollars in the first four years, and the type of assistance rendered by Canada is typical of the aid given by other countries.

By an exchange of Canadian wheat and Indian currency, a huge irrigation and hydro-electric project has started in the vicinity of Calcutta. Canadian trucks and buses have greatly improved transportation in the Bombay area.

Although Ceylon is an island, the annual fish production is only twenty-five per cent of national requirements. Canada has a project to assist in the modernization of this industry. She has provided three fishing vessels complete with gear, constructed a fish refrigeration plant and has provided expert Canadian personnel necessary to instruct Ceylonese fishermen.

Pakistan, with the aid of the Colombo plan, has started a large colonization scheme for some of the millions of refugees displaced by the partition of India. Irrigation and building projects are most

essential. Canada has undertaken the construction of a five-million-dollar cement plant which is vital to the project. In the same region, Canada is co-operating with Australia and New Zealand to establish a model livestock farm which will play an important role in the later development of the area. Three aircraft complete with equip-



Department of External Affairs

A CANADIAN FISHING VESSEL FOR CEYLON

Built in Vancouver, the fishing boat here seen being unloaded in Colombo Harbour is part of Canada's contribution under the Colombo Plan.

ment have been supplied to help control the locust pest. A Canadian team has been completing an aerial photographic and geological survey of a large part of West Pakistan. This will be of great assistance in the economic development of Pakistan's resources.

The solid foundation of economic development in what L. B. Pearson calls "materially underdeveloped" countries is technical skill. Canada has provided training facilities in many fields such as agriculture, medicine, engineering, and public administration.

These facilities are provided in Canada and in the country concerned.

It is obvious that the Colombo Plan tends to draw the world closer together. It transcends racial barriers and strikes a blow at isolationism. It brings a feeling of unity and goodwill to the Commonwealth.

There is almost continuous consultation among the diverse people of the Commonwealth. At the Commonwealth Relations Conference at Lahore in March, 1954, there was much honesty and sincerity displayed. The topics on the agenda were troublesome—Kashmir, South African racial conflict, colonialism and the East-West struggle. There was a seven-hour discussion on racial strife alone. Such continuous and honest attempts to find solutions to the real international problems indicate that the unique and progressive Commonwealth has a tremendous contribution to make to world peace.

The Commonwealth accounts for about one-third of the world's trade and its policies are of vital importance. All countries in the Commonwealth, except Canada, are part of the sterling area and carry on foreign business with the British pound as the international currency and the United Kingdom as the banker. This gives a unity to the Commonwealth, whose members attend trade and finance conferences to discuss problems facing each country and work together to increase multilateral trade. It is a privilege to be a member of this economic unit. In addition to formal meetings, the Commonwealth has established permanent representatives to co-ordinate the continuous association between countries. Typical of this association was the visit in 1954 of the Canadian Prime Minister to India, Pakistan, and Ceylon. Everywhere, as a representative of the good will of Canada, the Rt. Hon. Louis St. Laurent was greeted with enthusiasm and friendliness. His frank discussions on current problems brought increased understanding and co-operation to part of the world.

In addition to such definite examples of economic assistance, cultural exchange, and consultation on international problems, there are other factors, many of them rooted in history, which tend to promote unity in the Commonwealth and to offset the pull of nationalism and disunity. There are such things as common par-

liamentary procedure and forms; a respect for rule by law through an impartial judiciary; a common language for consultation; a common desire for peace; and a degree of security in a divided world. In the words of Pandit Nehru: "We joined the Commonwealth obviously because we think it is beneficial to us and to certain causes in the world that we wish to advance. Other countries of the Commonwealth wish us to remain there because they think it is beneficial to them." In the Canadian House of Commons in 1953, these were the words of the Prime Minister: "I think that the real link between the various members of the Commonwealth is their common ideals, their memories of association in the past, their intimate conviction that that association in the past has been for the benefit of their people, and their desire to conserve that association in the future for the benefit of their people. I do not think that we are being presumptuous or conceited when we believe, and even when we express the belief, that this commonwealth group not only works for the benefit of its own people but is an effective instrument for the good of free mankind throughout the whole world."

CHAPTER XXIV

RECENT EXPRESSIONS OF NATIONALISM

A nation is a group of people closely bound together by those ties of common interest which are the result of living in a single geographical area, with a common language, a common culture, and common traditions, ideals, and economic interests. Nationalism may be defined as the feeling of intense loyalty to the nation. The feeling of nationalism and the desire of each nation to govern itself have been very important facts during the five hundred years of the modern era. Since the Second World War, its manifestations have been widespread, particularly in Asia and Africa, and on occasion they have been accompanied by considerable violence.

Some feeling akin to nationalism existed in the ancient world. Patriotic sentiment was strong in little Greek city-states and in the city-state republic of early Rome. However, during the Middle Ages there was a lack of national loyalty throughout Europe. Most individuals were loyal to the Church, or to the guild, or to the feudal unit, but there was little concept of a wider loyalty toward a nation, such as exists in Europe today. When nationalism did gather strength in Europe, the peoples of western Europe made greater strides in developing nation-states than did the nations of central and eastern Europe. By 1500 Spain was unified and England and France had developed strong national governments.

A REVIEW OF COLONIALISM

The desire to make their nation great has inspired men to great accomplishments in the field of trade and empire-building. The national aspirations of European nations led to their imperialistic control of territories and peoples in other countries. The greatness of Spain in the sixteenth century was chiefly due to the riches from her American possessions. With the defeat of the Spanish Armada in 1588, England emerged as a major contender in the colonial race. Britain and France became the chief colonial rivals in North

America and India. By 1763 Britain had supplanted France in these areas.

Although most of the colonists in the British possessions in North America migrated from Europe and had many common traditions, it was found that after a period of years a new nationalism arose in the colonies, and this made necessary a new relationship with the mother country. The nationalism in the New England states was expressed by the Declaration of Independence in 1776 and by the violent revolution which followed. In the main, the Canadian process for gaining independence over a period of years was by evolution rather than revolution. The attainment of self-government by Canada set the pattern which later satisfied the national aspirations in other British colonies, such as Australia and New Zealand. When independence was secured by the United States, a pattern was established for the Spanish and Portuguese colonies of Latin America. The confusion of the Napoleonic period provided opportunities for these colonies to realize their national aspirations. Venezuela became independent in 1811, Brazil in 1821, Argentina in 1828, and the others followed.

By the twentieth century the empires of France and Britain included colonies in all parts of the world. The Netherlands had secured a wealthy empire in Indonesia. Spain, Portugal, and Belgium, were limited to a few minor holdings in Africa and isolated areas elsewhere. The United States had completed her expansion in North America southwards to the Rio Grande and westwards to the Pacific, and was able to extend her power into the Caribbean and across the Pacific to the Philippines. Germany and Italy did not become strong centralized states until late in the nineteenth century and so were comparatively late entrants in the race for colonies. Germany lost her African and Far Eastern possessions in 1919, and Italy's empire in the Aegean Sea and Africa was taken from her after the Second World War. Late industrialization delayed Japan's acquisition of colonies and, like Germany's and Italy's, her colonial empire was comparatively short-lived. Russia has not been greatly concerned with overseas colonies, and in the main her expansion has been continental and confined to the greatest land mass in the world.

In the quest for great trading empires, Portuguese, Spanish, Dutch, English, and French ships entered the harbours of the world and great trading companies were formed. Gradually the companies began to take over the government and control of the natives and, in turn, the home government relieved the companies of all governing functions. For many years a few European colonial administrators ruled millions of people and a large part of the world. During the twentieth century, and particularly after the Second World War, it became more and more apparent that Western imperialism was incompatible with Western ideals of freedom. In the last few years, imperialism, which had been dominant for many years, has been successfully challenged by nationalism.

"Rights of all peoples to choose the form of government under which they will live", was one of the main points of the famous Atlantic Charter of 1941. The inhabitants of European dependencies scattered throughout the world have been inclined to apply this principle to themselves as well as to the subject peoples of Europe. Pandit Nehru's statement that "strong winds are blowing all over Asia" was a recognition of something that is happening in colonial possessions everywhere. A tremendous surge of nationalism in Indonesia, Indo-China, Burma, India, Ceylon, Iran, Palestine, Syria, Cyprus, Egypt, Anglo-Egyptian Sudan, Kenya, Libya, Tunisia, and Morocco, has brought new states into being and has aroused powerful aspirations among dependent peoples.

In many ways the British adjustments to nationalist aspirations have been most successful. In the twentieth century, at least, the British have accepted the position that it is their duty to prepare their colonies for self-rule, and even before 1939 they had made many concessions. To a considerable extent, negotiation rather than force has shaped her associations. The result has been a new but friendly Commonwealth which may endure for many years. The adjustments of the Dutch and the French have not been so easy nor so successful.

INDONESIA

The Republic of Indonesia is made up of more than two thousand islands, and of these, Sumatra, Java, South Borneo, Celebes, and

the Moluccas, are the most important. Indonesia has tin, coal, rubber, oil, spices, and a surplus of agricultural products. She also has a strategic location between two of the great oceans of the world.

The Portuguese were the first Europeans to claim these islands. They were followed by the Spaniards, and later the English and the Dutch entered the colonial struggle in this area. By 1667 the Dutch East India Company had a monopoly of the East Indies' trade, and later the islands were turned over to the Netherlands government. For three hundred years the prosperity of Holland depended upon the control of these islands. Huge sums of money were invested and yielded profits amounting to many millions of dollars. The Dutch government in Indonesia was efficient, but little attempt was made to train the Indonesian peoples in self-rule. It appeared to many natives that Indonesia was to remain a colony forever, and this led to increased activities by nationalists who demanded a position of equality with the Netherlands.

Ties with the home government were severed when Germany occupied Holland. When the Japanese overran Indonesia in 1942, Dutch institutions and officials were removed. It was during this period of occupation that the Netherlands government promised independence. When the islands were liberated, the Indonesians did not negotiate with the Netherlands, but announced that an independent Republic of Indonesia had been established. This led to an open war between the Dutch and Indonesians. The United Nations intervened, but a final settlement was not arranged until the Hague Agreement of 1949. The Netherlands government transferred complete sovereignty of all the islands, except Dutch New Guinea, to the Republic of Indonesia. New Guinea was to be retained by the Dutch Crown for a year, and then negotiations between Indonesia and the Netherlands were to settle its future political status. The Agreement provided for a Netherlands-Indonesian Union which would resemble the British Commonwealth of Nations. The union would promote common interests in external relationships and in social and economic fields. In August, 1954, this unsuccessful experiment was terminated and the Dutch-Indonesian Union was dissolved. The immediate cause of the failure was the dispute over Dutch New Guinea, which was claimed by Indonesia. The Dutch experience in Indonesia suggests that if recognition of national aspirations is too

long delayed, relationships may deteriorate to the point where unity is no longer possible.

NATIONALISM AND THE FRENCH UNION

Among the many issues which faced post-war France, one of the most inflammable has been her relationship with her colonial empire. While the aim of British colonialism has been the extension of self-government to backward areas, this has not been true of the French. The French policy, although undeclared, has been to do as little as possible to train the natives for self-rule. The post-war constitution for France gave to the colonies a measure of representation in the French legislature, but the French Union was declared permanently indivisible, and in practice few political freedoms were granted to the natives. Many economic and social improvements were made in the colonies, but most of them were for the benefit of the French. The French attempt to impose an alien culture inevitably led to strong nationalist movements.

At the end of the First World War the native ruler in Syria was placed under French guidance. In 1920 the Syrian Congress attempted to gain independence. The French retaliated by removing the native ruler, and after considerable bloodshed gained control of the country. In 1936 the parliament in Paris refused to ratify an agreement for independence. During the Second World War, the French administration in Syria supported the Vichy government in France. Britain intervened; the French administration was overthrown, and Syria became independent. Since it was Britain, a third power, that forced recognition of Syrian nationalism, ill feeling against the French colonial government continued.

In the Far East, Communism has often appeared as an ally of nationalism. This has been particularly true in Indo-China where civil war has been almost continuous since the Second World War. There have been many casualties. Almost half of France's regular army has been involved in the struggle, and huge sums of money, badly needed to preserve economic stability in France, have been diverted to this long war.

By 1887, after many years of colonial activity, the entire area of Indo-China had become a French protectorate. The French re-

tained essential power, but allowed the native rulers of the five main regions, Laos, Cambodia, Tonkin, Annam, and Cochin-China, the right to occupy their thrones. During the Second World War, Ho Chi-minh, a Russian-trained Communist, led the opposition against Japanese aggression and at the same time built up a strong national-



Courtesy, The Junior Review and World Affairs

INDO-CHINA

alist organization opposed to the continuation of French rule. When Japan collapsed in 1945, the Republic of Viet Nam, consisting of Tonkin, Annam, and Cochin-China, was created without any consultation with the French. Later France recognized the Republic of Viet Nam as a free state, but it was to be associated with the Kingdoms of Laos and Cambodia as the Indo-China Federation, and it was to remain in the French Union. Ho Chi-minh, however, was not

satisfied with this arrangement, and in 1946 his attempt to expel the French by force started the civil war. The French found themselves faced with the problem of winning the support of the nationalists against the Communist forces of Ho Chi-minh. It has not been an easy task for the French to win allies among people who have resented their domination for so many years. The French made several concessions and came to terms with those who refused to follow the leadership of Ho Chi-minh, and an agreement was concluded with a rival Viet Nam government under the leadership of Bao Dai. This government was granted a limited sovereign status, and the French recently announced that they were ready to leave all French interests in Indo-China to the care of a nationalist, but non-Communist, government. Of course, there is still some distrust of

French motives. The Viet Nam government has been forced into co-operation with France and her western allies in order to realize its national aspirations, while another group of Indo-Chinese has been forced to follow a Russian Communist line in a similar attempt to attain national freedom. Thus the nationalist movement in Indo-China finds itself divided and by no means free from imperialist domination. How to ensure that the people of Indo-China did not exchange French imperialism for Russian imperialism was the concern of the Western nations at the Geneva Conference in July, 1954.

The virtual defeat of France in Indo-China has jeopardized her prestige and weakened her ties with other parts of the French Union. This is evident in North Africa, particularly in Tunisia and Morocco. The inhabitants of both countries are Moslems, and for several years their demand for more self-rule has been supported by other influential Moslem states. The French inhabitants, who own much of the best land and control the trade and industry in these colonies, and the French Assembly, which is concerned with strategic affairs, have been unwilling to give up these valuable possessions and there have been many outbreaks of violence.

France originally established a protectorate over Tunisia in 1881. The native ruler was retained, but the real authority was put in the hands of the French governor. The French were responsible for considerable economic development and for improved education and public health in the colony, yet their colonial policies, and their frequent expressions of belief in the superiority of French civilization, created bitter resentment and led to the formation of the Neo-Destour, a strong nationalist movement. When Libya was granted complete independence in 1951, with the aid of the United Nations, there were increased demands for independence from groups in Tunisia.

Soon after the cease-fire had been arranged for Indo-China in July 1954, Premier Mendes-France of France tried to improve the situation in Tunisia. He offered the Tunisians complete control of their internal affairs and reserved only defence and foreign relations for the French government. There was considerable opposition to his proposals from the French Assembly, but apparently the Premier felt that if the necessary concessions were made to Tunisian nationalism, the French Union could be preserved. The conservatives in

France feared that concessions in Tunisia would lead to more outbreaks of violence in Morocco, Madagascar, Algeria, and other French possessions, and would hasten the end of the French Union, and that the result would be loss of French prestige among the nations of the world.

Morocco differs from Tunisia and Algeria in that she was independent for twelve hundred years and was not absorbed by other powers until the nineteenth century. For a long period she enjoyed a culture in many ways superior to that of Europe. In 1912 France officially proclaimed that Morocco, with the exception of a portion ceded to Spain and the international territory of Tangiers, was a French protectorate. The Moroccans as a people have been opposed to this foreign rule, and there have been many revolts and movements to secure independence. The nationalists have gained the support of the Arab League, and a bloc of fifteen Arab and Asiatic nations have attempted to bring a complaint against French rule before the United Nations. France, however, has prevented any effective action by the United Nations.

The population of Morocco is made up of two different races. Of the nine million inhabitants, five million are Berbers while most of the rest are Arabs. The recognized pro-French leader of the Berbers is El Glaoui, but for most of the past twenty-five years the French have governed through Sultan Sidi Mohammed ben Youssef. During the Second World War the Sultan changed his policy, and after the War he sought to break all ties with France. In August, 1953, through the efforts of El Glaoui and the French Resident General, the Sultan was forced into exile and a new sultan was selected. The situation became explosive. The Arab nationalists resented the new Sultan and campaigned openly for the return of Sidi Mohammed ben Youssef. The French destroyed native shops, suppressed the natives by force, and imprisoned many without trial. The Berbers under the leadership of El Glaoui could be provoked into a civil war against the Arabs. The pent-up resentment of the natives, Arab and Berber, makes it difficult to find a course of moderation. Yet this course of moderation is most necessary if friendship with the Moslem world is to be retained, and if a strong France is to be assured for the western world.

Unit Five

The Canadian Citizen and His Governments

POINT OF VIEW

The development of local government in Canada, though somewhat unspectacular, is a significant part of Canadian history. Its need was stressed by Lord Durham in his report on Canadian affairs in 1837; he saw local autonomy as a means of securing interest in local affairs such as the construction of roads and schools, and of preventing such matters from becoming issues in the politics of the central government. The development of an effective Canadian school system, for instance, was possible only after local systems of government had been established through the District Municipal Councils Act of 1841, although this applied only to the Upper Canada portion of Canada. Many people today regard local government as an opportunity for acquiring direct experience in the ways of democracy. The strength of our democracy in Canada may eventually be determined by the vigour of interest in, and concern for, the successful operation of local self-government.

The nature of local government in Canada has been affected by influences from both England and the United States—a fact illustrated by the variety of local institutions which enjoy some measure of autonomy. The growing complexities of local administration as a result of increasing population, urbanization, and industrial development, constitute one subject of study in this unit. Problems of finance, of town-planning, and of special services, are some of the matters that concern local officials. The magnitude of these problems makes it necessary for provincial and national governments to co-operate with the local governing authorities.

This emphasizes the importance of including this unit in a course on modern problems.

The problems dealt with in this unit may be approached through a direct study of the immediate community, supported by material from the text, for they are being faced by most urban communities in the province, and the structures of local government are evident in every community. The relationships between local and provincial governments may be approached through the study of some local problem such as the building of a school or a bridge, while the provision of care for the under-privileged, being a responsibility common to all communities, would serve to illustrate municipal-provincial-federal co-operation.

CHAPTER XXV

THE HISTORICAL DEVELOPMENT OF LOCAL GOVERNMENT

As soon as people began living together in groups larger than the family, they found that rules were necessary, first, to regulate their relationships with each other, and second, to safeguard their lives and property. Without these rules, or laws, life would be chaotic with no hope of progress. Thus, where the rights claimed by the individual citizen conflict with the interests of the community in which he lives, he must give up a part of these rights and conform to a body of rules of conduct, or "government".

The term "government", besides meaning the set of rules of conduct in a society, is often applied to the person or persons making those rules and, since laws are of little value unless applied, enforcing them. Governments in this sense may be classified according to the number and type of persons making and enforcing the laws, as monarchy or dictatorship, aristocracy, plutocracy, or oligarchy. When the citizens as a whole freely elect the law-making body, or bodies, the government is said to be democratic. Some countries, like Britain and Canada, have gradually combined two or more of these types, thus developing the "constitutional monarchy". So Canada, while retaining the traditional monarchy form, is actually as democratic as any republic.

Every government, whether constitutional monarchy, dictatorship, aristocracy, or democracy, has three functions to perform. First, it must make the necessary laws; second, it must carry on the business of the country according to the laws; and third, it must make provision for the interpretation of those laws in case of dispute or of violation. The complexity of the modern nation state sometimes necessitates the division of these three functions, the legislative, the executive or administrative, and the judicial, among different groups of people. In the parliamentary system of government, which developed in England and has since spread to such Commonwealth nations as Canada, Australia, New Zealand, and

South Africa, the legislative body is fused with the executive through a small committee of its members, the cabinet. This cabinet, in turn, appoints a separate and independent judiciary to exercise the function of interpreting the laws. In the United States of America, on the other hand, the executive (the President) and the legislature (Congress) are separately elected and are to a large extent independent of each other. As in Canada, the judiciary of the U.S.A. is quite separate from the other two bodies.

All types of government may be further classified according to purpose. If the legislative, executive, and judicial powers of a community are imposed upon the people from above with the purpose, avowed or disavowed, of making the masses the servants of the governing class, the government is despotic, or arbitrary. If, on the other hand, the legislative, executive, and judicial functions are exercised, directly or indirectly, by the people themselves, the result is "popular government" or "self-government" which we in Canada call "representative democracy". In this latter type of political organization there are bound to be differences of opinion as to the best means of accomplishing the ends sought, and even of the ends themselves. In settling such differences, the majority rules and the minority is under obligation to accept as binding the decision of the majority for the time being. But the majority also has a duty to listen to, and respect, the opinions of the minority before coming to any decision. This exchange of ideas among opponents often leads to compromise in the solution of problems. Such a system of government by compromise calls for a very high degree of toleration and co-operation based upon understanding and appreciation of the factors of the situation. These attitudes, in turn, can best be achieved through the practical education of the citizen in all-round citizenship—an education which is most effectively acquired in the small and intimate community of the city, town, village, or rural district.

THE LEVELS OF GOVERNMENT: NATIONAL, PROVINCIAL, AND LOCAL

For the sake of greater efficiency and convenience, it is usual for the modern state to organize public business, or government, at two levels—the national government dealing with problems which affect

the nation as a whole, while the local government concerns itself with the affairs of the immediate community or vicinity. In Canada, however, there are not two levels but three—the national, the provincial, and the local. The national government set up by the B.N.A. Act of 1867 is confined by that Act, and its subsequent amendments, to legislating upon such matters of nationwide importance as foreign trade, foreign relations, currency, transportation, postal service, and defence, and upon all other matters of national importance not specifically designated as the responsibility of either national or provincial bodies. It administers its own acts and appoints judges who preside over provincial law courts where they interpret both federal and provincial acts in cases of dispute or violation. However, the original members of Confederation—Ontario, Quebec, Nova Scotia, and New Brunswick—had all had governmental powers on the general level before 1867 and were opposed to giving up their rights, especially as the colonies remaining outside the union retained these rights. The solution to this problem was the creation of a federal national government and the retention, as provincial governments, of the forms which had existed in the separate colonies prior to Confederation. This system was extended as more colonies joined Confederation, or as new provinces such as Alberta and Saskatchewan were organized out of the Northwest Territories. All these provincial governments, though not identical in form, were empowered by the B.N.A. Act to enact and enforce laws regarding matters of purely provincial concern. They are particularly necessary in Canada because of the various geographical, historical, economic, and cultural patterns, of the different regions. The constitution enables them to deal with such matters as education, highways, labour regulations, and social services. However, the B.N.A. Act did not set up the smallest units of government, the municipalities—that is, the cities, towns, villages, and townships or municipal districts—nor did it make the setting up of such units compulsory for either governmental body. But it did allow provincial governments to set up local governments for such units, and their powers are therefore determined by provincial legislation. Local governing bodies concern themselves with the particular local interests of the people living within the boun-

daries determined by the provincial government. Within these local areas, they plan streets and keep them in repair, and provide sewers, and police and fire protection. Municipal governments, having no constitutional basis of their own, are somewhat sensitive to pressure from provincial governments, since, presumably, the legislatures which set them up could, if they saw fit, abolish them. Actually, of course, they are far too useful to the provincial governments to suffer such a fate in general, though individual units may be abolished, amalgamated with others, or otherwise altered by provincial governments.

Government at all three levels in Canada is popular, that is, the people decide by a vote who shall form the government. This self-government is also parliamentary at the federal and provincial levels. Thus the Canadian citizen elects his representatives to the national and provincial houses which act as legislative bodies and from which are chosen the executives, or cabinets. On the local scene, however, the chief local executive, the mayor, is often elected separately, while the elected council, which acts as both legislative and executive body, is also directly responsible to the people who elect it.

THE DEVELOPMENT OF LOCAL GOVERNMENT IN CANADA

The history of the development of local government in Canada varies from province to province with the date and speed of settlement, the origin of the settlers, and the physical character of the area. Thus the story in Quebec and Ontario is very different from that in Alberta and Manitoba.

Lower Canada—Quebec

During the French régime in Canada only two or three tentative steps had been taken in the direction of local government. With the British conquest, however, true municipal institutions had a chance to emerge, but their growth was very slow and hesitant. The British government thought it unwise to introduce local self-government into a colony where the people had had no previous experience in its workings. Then, too, after 1785 the rulers were

somewhat suspicious of town meetings and local initiative such as had occurred in New England. Having no power to assess or tax themselves, the people of Lower Canada had to appeal to the legislature whenever they needed any local improvements such as a new bridge. That the French were content with this system is not surprising, but that many of the Loyalists who had settled in Lower Canada should have accepted it is indeed remarkable. It was not until the 1820's that any demand for local government arose, and then only in the urban centres. In 1832, after five years of agitation, Quebec and Montreal received charters which were to run for four years. Because of the political unrest of 1836, these charters were not renewed until 1840, after Lord Durham had deplored the disgraceful state of streets, police, education, and lighting, resulting from the lack of municipal institutions. These conditions, which seriously affected "the comfort and security of the inhabitants" in other centres, were, Durham felt, too high a price to pay for the immunity from taxation enjoyed by the populace. Lord Sydenham, who shared Durham's ideas about local government, succeeded in having two ordinances passed in December 1840 establishing district and township or parish councils to carry on local administration. But these ordinances were far from popular, for they levied taxes, they were the work of the Special Council in the post-rebellion period and therefore suspect, and they came at a time when the Act of Union was being discussed as a measure to offset French influence. They were repealed in 1845 as the result of popular resistance. Parishes and townships replaced the district councils until 1847 when county municipalities were established. In 1855 the basis of the present system in Quebec was laid down in the Lower Canada Municipal and Road Act providing for the incorporation of parishes, townships, villages, and towns, each with elected councillors. The mayors, chosen from among the councillors, formed the county council, one of them being chosen as warden. Thus local government in Quebec, although hindered by the lack of popular demand for it, by the inexperience of the French, and by the suspicion of any innovation suggested by the English minority, at last won through to a form acceptable to the people and adapted to the circumstances of the province.

Upper Canada—Ontario

In Upper Canada conditions were quite the reverse of those in Lower Canada. Here the United Empire Loyalists, some seventy-five percent of whom were used to town meetings and elected representatives, were far from content with local administration by appointed magistrates and their courts. In 1792 the Province of Upper Canada was divided into nineteen counties for the election of representatives to the Assembly, but these counties had no municipal significance. Governors and councils continued to oppose any degree of local self-government in the belief that much of the unrest that had come to a head in the American Revolution was the result of the town meeting, while the Loyalists, who felt that their sacrifices were sufficient evidence of their loyalty, continued to insist upon more freedom to deal with their own local problems. The struggle between the executive, composed of the Family Compact and the appointed officials on the one hand, and the elected representatives of the mass of the people on the other, intensified the bitterness of the clash of ideas. The first bill introduced into the new provincial parliament in 1792 was defeated, but became law in 1793 as the Parish and Town Officers Act. By incorporating towns and parishes and allowing the inhabitants to elect or choose their officers, this act granted just enough self-government to whet the appetite for more. As the population grew, especially in the urban centres, Boards of Police were elected to deal with the ever-growing problems. Then special acts or charters incorporated cities or towns. Lord Durham's statement that "the power of local assessment and the application of the resulting revenues should be entrusted to local managements" greatly strengthened the demands for local self-government. Though the British parliament deleted the clauses providing local self-government from Lord Sydenham's draft of the Act of Union, the Governor was successful in getting the District Councils Act of 1841 through the legislature. Thus municipal government was set up in the districts in spite of the combined opposition of Tories, Radicals, and "jobbers", who saw their own spoils of office endangered. But the 1841 Act preserved a large measure of control for the executive by ensuring that officials should be appointees of the Crown, or subject to Crown

approval. Conditions in Lower Canada, the reluctant partner in the Act of Union, made this necessary. However, agitation against Crown appointment of officials succeeded in having this control removed by the Act of 1846. Three years later the "Baldwin Act" provided a uniform system for both urban and rural communities, operating with a minimum of parliamentary control. This general law for "the erection of Municipal Corporations and the establishment of Regulations of Police in and for the Several Counties, Cities, Towns, Townships, and Villages, of Upper Canada" is the basic framework of the present system of municipal government in Ontario and has been widely imitated, though not always successfully, in other parts of the country.

*The Maritimes—Nova Scotia, New Brunswick,
Prince Edward Island, and Newfoundland*

Governor Cornwallis established local government by commissions of peace issued to influential settlers in Nova Scotia in 1749, and set up five counties for administration purposes. But this type of municipal government could hardly be expected to satisfy the settlers from New England who had replaced the Acadians and who, in defiance of the council at Halifax, continued quietly conducting their business as they had done in their former homes. However, the United Empire Loyalists who settled in Nova Scotia and what later became New Brunswick were mostly from the southern colonies and were quite satisfied with the system. Thus there was little agitation for local self-government, with the result that Halifax was not incorporated until 1841, and none of the counties took advantage of the 1859 Act providing for incorporation upon petition of a hundred freeholders. The 1879 Act, which incorporated each county or district as a local government unit under a council of elected members and a warden chosen by them, forms the basis of the present system in Nova Scotia. By the Towns Incorporation Act of 1888 any town could be incorporated.

Though St. John, New Brunswick, was incorporated as a city in 1785, almost fifty years before any other Canadian city, local administration throughout the rest of the province was shared by the legislature and the Justices of the Peace in Quarter Session Courts.

The 1851 Act allowing for the establishment of municipal institutions resulted in the incorporation of Carleton County in 1852 and of York County and the town of Woodstock in 1856. The Municipalities Act of 1877 established municipal government in every county and the 1896 Act provided a uniform system of incorporating towns.

Three main reasons accounted for the slow development of local government in Nova Scotia and New Brunswick. First, there was the indifference of the settlers, most of whom, as noted above, were used to local government by Justices of the Peace and the Quarter Session Courts. Second, the distances were not so great as in Upper Canada, so that a central government was effective in these smaller provinces. Third, water transportation made roads a much less pressing problem to the local communities than they were in Upper Canada.

Prince Edward Island, with a total area about the same as that of Halifax County, still has only one city, Charlottetown (incorporated in 1855), and seven towns incorporated. The general Towns Act of 1948 provides local government for all towns except Summerside, while the Village Act of 1950 allows for the creation of municipal government in villages. The provincial legislature carries out the local government for the greater part of the province, except in the fields of education and health, where locally elected school boards administer the education and health programmes.

The people of Newfoundland were not merely apathetic or indifferent to local self-government, they were definitely hostile to it. They felt that local administration was the responsibility of the province, and they feared that non-payment of local taxes might result in the loss, through confiscation, of the property so essential to their fishing industry. St. John's was not incorporated as a town until 1888, and it remained the only municipal corporation until 1938, since no community took advantage of the Local Government Act of 1933 or the Local Administration Act of 1937. One town was incorporated in each of the years 1938, 1942 and 1943, as the result of special legislation specifying a preferred system of taxation in each case. The government's policy of giving financial assistance to municipalities had better success, resulting in the creation of twenty municipalities, and in 1949 the province passed

a general act providing for local government by municipal councils in any area declared to be a municipality by the Lieutenant-Governor in Council. A very large portion of Newfoundland, however, still remains unorganized.

The Western Provinces—Manitoba, Saskatchewan, and Alberta

The Hudson's Bay Company, the first administrative authority of the area west of Ontario, governed through an appointed council. The demands of the settlers in the Red River colony and other areas, the buying-out of the Company's administrative rights in 1869, and the creation of the province of Manitoba in 1870, posed the problem of providing local organization for a population of 12,000 in an area of 13,000 square miles. County and Parish Assessment Acts in 1870 made provision for money for purely local improvements, while the General Municipal Act of 1873 allowed incorporation. In 1881 municipalities were made responsible for roads within their territories. The municipal system which had proved so successful in Ontario was introduced into Manitoba in 1883, but the much greater distances and the sparse population made it difficult to operate, and it was abandoned in 1886 in favour of smaller areas called "Rural Municipalities". The 1902 Act established the present system in Manitoba by providing general legislation for every city, town, village, or rural municipality, and a special charter for Winnipeg.

From 1869 to 1905 the Northwest Territories Department of Public Works was responsible for all local administration in the remaining unorganized areas. In 1883 the Council, using its power of establishing municipalities with full powers of taxation for local purposes, provided for the rural and urban municipalities as in Manitoba and set up a Committee on Municipal Affairs to consider application for municipal incorporation. The system, based on the Ontario form, proved too costly and elaborate for this sparsely populated area, and failed as it had done in Manitoba. Yet two urgent needs, roads and the prevention of prairie and forest fires, made necessary some sort of local government. The result was the Statute Labour and Fire Districts under Overseers, as set up by the Council in 1887. The name was changed to "local

improvement districts" in 1898, and in 1903 the 304 local improvement districts of the Territories were reorganized, while the whole problem of local organization, administration, and finance, became the subject of an investigation. On September 1, 1905, before this study of local government was complete, the two provinces of Alberta and Saskatchewan were created.

In 1906, Saskatchewan appointed a commission to continue the investigation begun under the Northwest Territories Assembly. As a result of the Commission's findings, the provincial legislature passed the City Act, the Town Act, and the Village Act in 1908, and in 1909 the Rural Municipalities Act. Following the Municipal Commissioners Act of 1908, Saskatchewan set up a department, under a cabinet minister, to supervise municipal affairs—the first such department in Canada. Under its general supervision, all but ninety of the 359 local improvement districts of 1908 have been incorporated into rural municipalities, while provision is made for the further incorporation of all local improvement districts having local organization.

In 1905, when Alberta became a province, there were within its boundaries forty-seven organized municipalities—two cities, fifteen towns, thirty villages—and seventy-two local improvement districts. Alberta established its Department of Municipal Affairs in 1912. It also provided that when the nine townships (324 square miles) of a local improvement district had a population of 324, they could be organized into a rural municipality (at present called a municipal district) under an elected council. The existing cities, towns, and villages, were continued, and new ones were set up under special acts. The general Town and Village Act provided for the creation of new municipalities, subject to certain minimum requirements, while the City Act of 1951 replaced the former individual charters and made provision for future incorporation. In 1942 many of the municipal districts were amalgamated, reducing the number from 133 to 60. In 1950 the province instituted a county system on an experimental basis, limiting the number at first to four. In 1954 the limitation as to number was removed, and more counties are being formed as the experiment proves successful. However, the Alberta county differs in several important respects from the county in eastern Canada.

British Columbia

The mountainous nature of British Columbia meant that the early settlements were isolated from each other, communication was difficult, and population very sparse. Consequently, agents of the Hudson's Bay Company, and later of the government, had to be permitted wide discretion in adapting the administration to local conditions. An "Ordinance for the Formation and Regulation of Municipalities in British Columbia" was the basis for the incorporation of New Westminster in 1860 and of Victoria in 1862. Ten years later, in 1872, the provincial legislature passed an act concerning municipalities, under which nine new municipalities were incorporated. The Municipal Clauses Act of 1892 adapted the Ontario municipal system to the physical conditions of the mountainous province. By further adaptations and alterations as occasion arose, British Columbia developed its present organization of local authorities.

In the West, therefore, there was no struggle between provincial government and local communities over self-government, for the issue had already been joined, fought, and won in the East. This fact, together with a great influx into the prairie provinces of people from central Europe to whom local self-government had been largely unknown, makes municipalities in the West take more kindly to provincial control than is the case in eastern Canada. The later development of the West, too, resulted in very heavy demands being made upon the local governments almost at their inception, and this in turn has made them increasingly dependent upon the provincial body for the financial assistance to enable them to carry out these new obligations. In the West it was not a question of local self-government versus provincial government, but rather of deciding what system of local self-government would be efficient, and what controls and provincial arrangements could be worked out between the municipality and the provincial government.

BRITISH AND AMERICAN INFLUENCE UPON THE DEVELOPMENT OF
LOCAL GOVERNMENT IN CANADA

In the early part of the nineteenth century, when Canadians began to organize units of municipal government, they were embark-

ing upon a venture for which there were two possible sources of guidance—British practice and institutions, and American theories and practice. Since almost all the laws under which Canadians live, except the federal principle of the B.N.A. Act and French Civil Law in Quebec, are derived, directly or indirectly, from Great Britain, and since local government is a characteristic of life in Great Britain, it would seem reasonable to suppose that Canadian municipal government would be greatly influenced by British experience in this field. However, for almost the first half of the nineteenth century British municipal government was itself badly in need of revision. Some municipal reforms were carried out in Britain in the 1840's, but the modern County Council did not take form until 1888. Consequently, there was little direct imitation of British forms or methods, though some of the British terms were used in Canada. But that the indirect influence of British experience, including the long tradition of self-government, has been very wide-spread is seen in a variety of instances. On the other hand, Canadians saw to the south of them a country in which the language, traditions, physical environment, and business interests, were all so similar to their own that they naturally supposed that American methods of government would fit Canadian circumstances. The British North America Act had set up a constitution which was based upon English Common Law and parliamentary government, yet which embodied some features of the American federal system. In like manner Canadian municipal governments have been quick to select and adopt as their own such of the modifications and practices tried out by local governments in the United States as have appeared to them successful.

American influence upon the development of municipal government in Canada began when New Englanders moved into Nova Scotia upon the expulsion of the Acadians. Having been used to municipal representative institutions in New England, they did not like the administration by appointed magistrates which they found in their new home. The influence of the United States became even more pronounced in the period after 1841, that is, in the period of the greatest development of Canadian local self-government.

A variety of causes, based upon the fundamental problem of combining democratic government by amateurs with efficiency,

led to a number of experiments in local government in the United States. In Britain, the executive and legislative powers of the national government are concentrated in the hands of one group, and its cabinet committee, whereas in the United States of America, government is based upon the fundamental theory of the division of powers, in which the executive and legislative functions are placed in the hands of separate authorities, each elected, each largely independent of the other, and each a check upon the other. Likewise, in the field of local government in Britain, the councillors, the legislative body, choose from their number the chief executive, the mayor, whereas in the United States the mayor is elected separately. Most of the cities, towns, and villages of Canada now have a separately elected mayor, though most of them began by having their aldermen choose the mayor from their own number. This older British practice in Canada is still preserved in the municipal districts of Alberta, and in the counties of Ontario, where the councillors still choose the reeve or warden. Lethbridge, Alberta, is allowed by a special clause in the City Act of 1951 to choose its mayor in the old way.

But though Canadians might be prepared to elect their mayors separately, they did not generally follow the example of many American cities in making the mayor a check upon the council by giving him powers of veto in financial matters, or by allowing him to make appointments to certain administrative posts in the way that the president of the United States appoints his cabinet. Instead of this "strong mayor" type of government, they occasionally favoured another American experiment aimed at establishing checks upon the council, namely a board of control separately elected, as in Toronto, or more frequently, the setting up of wholly or partially independent boards or commissions to control certain specific functions which, in Britain, are normally under the jurisdiction of the council. Thus education in most municipalities has long been controlled by separately elected school boards in Canada, whereas in Britain, as a result of reforms early in the twentieth century, it is controlled by a committee of the council.

The general effect of the separate election of mayors, of boards of control and commissions, whether elected or appointed, and of direct government, has been to reduce the powers of the elected

council. This seems to suggest a want of confidence in the democratic type of organization in the local field, an attitude which is often reflected in the excuses some citizens offer for their lack of interest and participation in local affairs. In turn this whittling down of the powers of the council may make suitably qualified citizens unwilling to run for the office of councillor, as some claim that it has already done.

The American constitution and traditions of government carried the theories of "division of powers" and "checks and balances" to their logical conclusion. If separately elected executive and legislative bodies could solve the vexed question of making governments responsible to the people, then elected administrative officials such as auditor, assessor, or city clerk, might result in better and more efficient administration. But this method of selecting administrative officials by popular election in some states has produced serious consequences. One of these consequences is the long ballot. Since many cities in the United States of America have very large councils, the addition of names of candidates seeking election as officials results in a very long and unwieldy annual ballot. Hence, any proposal for reform of municipal government in the United States is likely to include a demand for the short ballot. Still another effect of the election of officials is that party politics have invaded the local field and municipal administration has often become the prey of political patronage. In Britain, though the council's policies may reflect the political bias of its councillors, elected on party tickets, the administration itself is in the hands of a permanent civil service responsible to the council. In the United States, however, administrative officials, being elected or appointed on the political patronage system and therefore subject to frequent changes, rarely become truly conversant with their duties or the most efficient method of carrying them out, and often seek to make the most of their positions while they hold them.

For these reasons, and because the conflict between executive and legislative bodies often led to inefficiency and delay, some American cities set up Commission Government. In this form of government, a small elected body, usually of five members (the Commission), meets as a legislative body to decide upon policies. Then the same five, acting now as officials administering depart-

ments or groups of departments, apply the policies they previously laid down. Thus all executive and legislative powers are concentrated in the hands of one group of people as in Britain, but British councils are much larger than are the commissions, and the idea of having the elected councillors act as administrative heads of departments is absolutely foreign to British parliamentary tradition. The majority of the American cities that adopted this form of government between 1900 and 1915 have since abandoned it, for it did not achieve the desired results.

In the U.S.A., the council-manager or city-manager system was inspired by the organization of the business corporation. Like the commission type, it places all executive and legislative functions in the hands of one group, the council, which is, however, larger than the commission. The council in turn appoints and deals with a single professional administrator, the manager, who is put in charge of all departmental officials and their work, and is responsible to the council which appoints him. This organization enables the elected council to keep in touch with the various administrative officials through the manager, who, being a professional, can achieve greater efficiency than was possible under an amateur commission. This increase in efficiency is sufficiently marked to result in its widespread use in the United States, but the frequent changes in the personnel of the council, together with party politics and patronage, result in a measure of insecurity which often does not attract the best type of manager or government. Though the council-manager or city-manager form is spreading among the medium-sized cities of the U.S.A., Canada has, on the whole, been a little slow to follow this example. There are thirty-three such in the province of Quebec and seven in other parts of Canada, including St. John, Lethbridge, Alberta, and Victoria, British Columbia. After only one year Drumheller, Alberta, reverted to a mayor-council system in 1950. Because administrators in Canada are appointed but are responsible to the elected council, this council-manager type of city government most nearly resembles the business corporation with its board of directors and its appointed general manager.

From the foregoing it will be clear that though Canadians have leaned heavily upon the practices, institutions, and experience of

the United States in the local as in other governmental fields, they have not adopted the American experiments unreservedly. Most Canadian cities, with the exception of Montreal, have small councils; there is no federal or provincial patronage system applying to municipal offices; party politics normally do not enter into local governmental elections; and ballots are short because councils are small and the administrators are not elected. The appointment of officials leaves them in office long enough to allow them to become acquainted with their work and to become efficient at it, for, provided a department is efficiently operated, there is little interference from the councillors. This results in greater stability in most Canadian municipalities, though, like the Americans, Canadians are more inclined to experiment with new forms of organization than are the British. Even Britain, in the post-war period, has been humming with discussions of local government reform, but changes are more difficult to achieve in the United Kingdom where Parliament must act. In Canada there are ten chances of action, and other provinces often imitate an innovator in this field.

RESIDUAL PROBLEMS OF LOCAL GOVERNMENT

By no means all the problems involved in any system of local self-government have been met and solved in Canada. For a great many years, and especially during depressions, there have been complaints about the number of autonomous bodies spending public money. In 1932 in Canada, exclusive of Newfoundland, there were 3,960 municipalities (the number had increased to 4,137 in 1951), 23,500 local school authorities, and many other local institutions such as hospital and library boards. Though many of these did not levy or collect taxes directly, some were able to borrow money through debentures. In the depression years this meant a steadily rising mountain of debt which alarmed many of the local taxpayers and prompted their demands for fewer institutions to support, and for greater consolidation of services. At a result, many of the school districts of Alberta lost their autonomy in financial matters and became parts of a larger organization, the School Division. This movement enabled some of the poorer districts to provide the same services as the more wealthy through the pooled

resources or consolidation of assets of all districts forming the division.

Financial problems are not the only ones, however. Since councillors, mayors, school board members, and representatives to provincial and federal legislative bodies, have all to be elected, it becomes a major task to find the necessary number of citizens qualified, interested, and of a sufficiently high calibre, who will run for office. This difficulty encourages those who feel the financial cost is too high to redouble their demands for a decrease in the number of autonomous bodies.

Furthermore, it is difficult to achieve co-operation between bodies which have their own funds and whose personnel may be elected separately as in the case of municipal districts and school boards. Lack of co-operation often results in inefficiency, and complaints of this nature together with the growing alarm, especially on the provincial level, at the rising local tax rate and the consequent demands for increased provincial grants to municipalities in Alberta, may have been responsible for the passage of the County Act in 1950. In this new form of municipal government, now past the experimental stage, municipal and school board functions are consolidated in the hands of one body, the County Council. This further reduces the number of local autonomous bodies.

THE WORTH OF LOCAL GOVERNMENT

To sum up, then, local government is essential to a democracy for a number of reasons. First, it is a practical device for getting public business done, especially in the large complex nation states of the twentieth century. Second, it is a training ground, both for the politician and for the citizen, and as such is an invaluable basis of democracy. Third, the decentralization which local government makes possible is an important factor in making administration more acceptable and more flexible, conforming to local conditions in a way impossible to a larger body such as the province or nation. Fourth, the problems of the urban communities are the particular field of the local government, concerning as they do the people of a comparatively small area with a dense concentration of population. (In 1948 the cities of Montreal and Toronto both made expenditures

larger than the total budget of any of the following provinces—Saskatchewan, Alberta, Manitoba, Nova Scotia, New Brunswick, and Prince Edward Island.) The drift of population from rural to urban centres, and the increasing complexity of urban life, swells the volume of local business, poses new problems of finance and of provincial-municipal relationships, and becomes one of the most pressing considerations of the ordinary Canadian citizen today.

CHAPTER XXVI

THE GENERAL FEATURES AND FUNCTIONS OF LOCAL SELF-GOVERNMENT IN CANADA

In countries with a unitary national government, such as Britain has, there is a more or less uniform system of local government since all bodies are affected by the same legislation and come under the same control. But in Canada, which is a federal state, local governmental bodies come under the jurisdiction of the provincial governments. As we have seen in Chapter XXV, each province established its own system of local government, adapting it by subsequent acts to fit the special circumstances of the community. In Canada, therefore, there is not just one system of local government, but ten (eleven, if we count the local government in the Yukon and the Northwest Territories under federal control). Each differs more or less from the others as circumstances and history dictate. This variety makes local government in Canada difficult to describe, but at the same time it gives Canadian communities much greater flexibility in managing their affairs than is enjoyed by similar groups in countries like France or England.

TYPES OF LOCAL GOVERNMENT

Throughout Canada, local government is carried on by municipal corporations and by special-purpose bodies such as school boards, health or hospital boards, library boards, and utility commissions. Some of these, like the municipal councils and school boards, are usually elected; others may be elected or appointed, according to the provincial system. Each type may vary from others of its own class in powers, functions, and constitution, from province to province, and from other types throughout the provinces. But all have some fundamental characteristics in common. Thus, all are created by acts of provincial legislatures under the provisions of the B.N.A. Act and have, therefore, written constitutions. The powers of all are restricted to the fields which are the exclusive rights of the provinces as set forth in Sections 92 and 93

of the B.N.A. Act. No local government has the power to issue money, for this function belongs exclusively to the federal government. But a local authority may be granted the power to collect direct taxes to raise revenue for local purposes. All local governmental bodies are subject to supervision by the provincial government, and all may be modified or abolished by legislation of the province. How the local governmental units are established, with what powers, how the powers within the limited field are divided, and how the units are supervised, are problems to be solved exclusively by the individual province.

Municipal Corporations

All ten provinces have established local government by municipal corporations, which term, in Canada, refers to the mayor (or reeve), the members of the council, and all the inhabitants, taxpayers, or electors, of any definite area set apart by the provincial legislature for the purpose of self-government. However, only the mayor and council may exercise the powers given to the municipal corporation by the provincial legislature.

Legally, a municipal corporation, being a perpetual corporate body, may own property, incur debts, enter into contracts under its seal, and sue or be sued, just like any ordinary individual or business. In addition it may pass by-laws for the peace, security, and welfare, of its inhabitants (provided these by-laws are not contrary to federal or provincial laws and are within the powers granted to the municipality). It has the power to license businesses, borrow money to meet local needs, levy taxes upon business and property, and impose penalties and fines for infractions of its by-laws.

The functions of all municipal corporations, while extremely numerous and varied, especially in urban centres, are of two main types—mandatory, and optional or discretionary. Mandatory functions are those imposed upon the municipal corporation by the provincial legislature. An Alberta council, except in the counties, has no choice but to provide the current funds requested by the school board. While the council must maintain the streets, the degree of maintenance is left to the discretion of the council, provided only that it avoids being held liable for damage resulting from

negligence. On the other hand, the council may or may not provide for a fire brigade, or license gypsies. Both optional and mandatory functions are continually increasing as more and more services are added by provincial legislation or by public demand. Since no constitution can foresee all eventualities, many of the demands made upon a municipal corporation may be beyond the statutory powers granted to it by the provincial legislature. In such a case, council may take refuge behind this legal obstruction and do nothing. Or council may—perhaps in association with other councils of the same kind—request the amendment of the appropriate act by the provincial legislature. Toronto does this annually. If the service is of real benefit to the community, there is less to be feared from court action to test its validity than from inaction.

TABLE I

TYPES OF MUNICIPAL CORPORATIONS BY CANADIAN PROVINCES

<i>Province</i>	<i>Rural</i>	<i>Urban</i>
Newfoundland	Rural District	City, Town
P.E.I.		City, Town, Village
Nova Scotia	County or District	City, Town, Village
New Brunswick	County	City, Town, Village
Quebec	Parish or Township and County	City, Town, Village
Ontario	Township and County	City, Town, Village
Manitoba	Rural Municipality	City, Town, Village
Saskatchewan	Rural Municipality	City, Town, Village
Alberta	Municipal District and County	City, Town, Village
British Columbia	District Municipality	City, Village

All municipal corporations can be divided into two main types according to the kind of area they administer. Those which deal with country areas are the rural municipalities, while those whose main concern is with centres of population may be called urban. These differ in their organization, and particularly in their functions, the urban having to deal with a great number of problems peculiar to densely settled areas.

A glance at Table I above reveals that counties form a part of the rural administration in Nova Scotia, New Brunswick, Ontario, Quebec, and, since 1950, Alberta. But in each of these provinces the term means something different. In New Brunswick the county is the only rural municipal corporation, while in Nova Scotia it

shares rural administration with the district. In Quebec and Ontario the county is a secondary organization, uniting the basic rural units of parish or township in Quebec, and of townships in Ontario. Furthermore, in Ontario a county does not collect taxes but does make requisitions for money. It has also certain functions for its whole area, excluding the cities and some towns. In Alberta, the county differs from those in all other provinces in combining

TABLE II
BASIC UNITS OF RURAL GOVERNMENT IN CANADIAN PROVINCES

<i>Province</i>	<i>Unit</i>	<i>Number</i>	<i>Population Average</i>	<i>Area (in acres) Average</i>
Newfoundland	Rural District	3		
P.E.I.	None			
Nova Scotia	Municipality	24	12,934	551,114
New Brunswick	County	15	20,713	1,122,879
Quebec	Parish or Township	1,059	1,042	23,396
Ontario	Township	571	2,084	42,659
Manitoba	Rural Municipality	115		175,365
Saskatchewan	Rural Municipality	302	1,359	199,699
Alberta	Municipal District	60	5,784	520,902
British Columbia	District Municipality	28	6,460	34,767

under one council and its committees the functions of general government and education, thus reducing the number of local governing bodies.¹ "Township" is the term used by Ontario to designate its rural corporations on the primary level. Quebec uses the term "Parish" as well as township, while Manitoba and Saskatchewan use "Rural Municipality"; in Alberta the term is "Municipal District", in British Columbia it is "District Municipality", and in Newfoundland, "Rural District". Prince Edward Island has no rural municipalities at all. Rural organizations also differ in area and population from province to province (see Table II).

Canada's 1,672 urban municipalities of 1945 are classified according to area, population, and population density. The largest in area and population are the metropolitan areas which include

¹At first the counties were to form hospital boards, but this was struck out by a later amendment, for hospital districts are not co-terminous with municipal and school districts. In Grande Prairie the entire council sits on the hospital board for the area.

some rural districts with the urban centres. Next in order of size come the cities, followed by the towns and finally by the villages. For each of these classifications, the qualifications of population, area, and density, vary in each of the ten provinces, as do the procedures for advancing from one classification to another. Within a province the organization and functions also vary for the various grades according to the complexity of the urban community and its problems.

School Boards

Since, by Section 93 of the B.N.A. Act, education comes under the jurisdiction of the provincial government, each of the provinces has set up its own system and administers it locally, not through the municipal council, but through separately elected or appointed school trustees incorporated as school boards. Again, the exception is the Alberta county. These local bodies are essentially the agents of the provincial government in the matter of education since most of their functions are mandatory. Each board administers a division, district, section, or school municipality, and is responsible for the business administration including the building and maintenance of schools, the appointment and payment of staff, and, to a limited degree, the adaptation of provincial regulations to meet the local needs. School boards, to meet their current expenditures, requisition the amount which they need from the municipal or other authorities concerned. The municipal authority then translates this into a mill rate and collects it with the real property tax on the municipal tax notice. It is then turned over to the school boards. School boards may also, under provincial supervision, borrow money on debenture issues to meet capital expenditure.

Other Local Autonomous Bodies

In addition to the municipal corporation and the school board there are local boards of health, and in the larger municipalities often a number of special-function bodies such as utility, transportation, and recreation commissions, parks, hospitals, and library boards, and a number of others. In some cases the members of these commissions and boards are elected, in others they are appointed, and in still others they act in this capacity because they

fill some other public office. Theoretically many of these bodies are completely independent of the municipal council in the matter of policy making. But if they are dependent upon the council for their revenue, as many are, they are unable to put their policies into practice without council approval, and their independence is more apparent than real. However, any local body which has the legal power to tax, or to require some taxing authority to collect and pay over the required revenue, may be considered as a unit of local government. Most of these bodies come under very close supervision by the provincial government when it becomes necessary for them to borrow money for any capital expenditures. Legal limits to the amount of debt are laid down, and no debenture may be issued without the prior approval of the Board of Public Utility Commissioners or its equivalent.

LOCAL GOVERNMENT IN ALBERTA—MUNICIPAL CORPORATIONS, SCHOOL AND HOSPITAL BOARDS

Some Municipal Corporations in Alberta were incorporated while the province was still a part of the Northwest Territories. In 1911 the provincial legislature passed an act establishing in 1912 a Department of Municipal Affairs to take over the functions formerly carried out in the Northwest Territories by the Territorial Department of Public Works. The existing system of local government by cities, towns, villages, and rural municipalities, was then continued and expanded.

As yet there are no organized metropolitan municipalities of the type of Montreal or Toronto in Alberta, though the McNally Royal Commission is at present hearing the briefs for and against the creation of such centres in Edmonton and Calgary. By 1955 there were eight cities, Calgary, Camrose, Drumheller, Edmonton, Lethbridge, Medicine Hat, Red Deer, and Wetaskiwin, all of which, except Camrose, have operated in the past under individual charters. But an act of the legislature passed in 1951, effective January 1, 1952, brought all cities under one act. This eliminated many of the minor discrepancies while maintaining special differences where desired. Thus all cities nominate on the same day and all have the same election day, but Lethbridge may continue to have

its councillors choose their mayor from among their own members; Edmonton retains the provisions of the Amalgamation with Strathcona; and Calgary may retain its system of proportional representation voting, unlike the other cities. In 1946 Alberta had fifty-three towns set up by the provincial Towns Act and 134 villages established by the provincial Villages Act. (These two acts were later consolidated into an Act Respecting Towns and Villages.) Each town has a mayor elected for two years and six councillors elected for three years, a portion retiring each year. Village councillors appoint their mayor from their council members. To become a village, a community must have thirty-five occupied houses or one hundred people; a town requires 700 inhabitants, while a city must have a population in excess of 3,000.

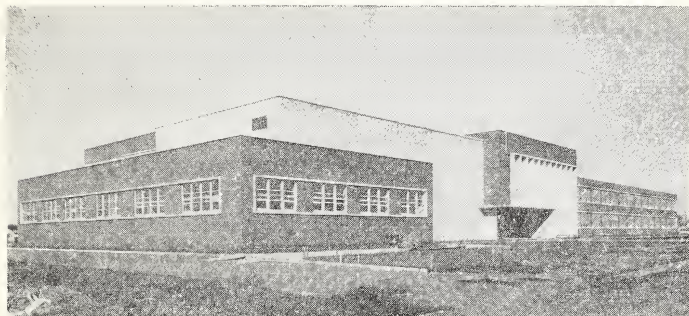
At the rural level in Alberta there are now two types of municipal corporation, besides the unorganized areas. The Improvement Districts comprise all outlying lands in the province. These lands are not in a sufficiently advanced state of settlement to warrant a local council. Improvement Districts are, therefore, administered directly by various departments of the provincial government such as Municipal Affairs, Education, and Public Health, each carrying out its special functions. The basic unit of rural local government, formerly called the Rural Municipality, is now known as the Municipal District. In 1946 there were sixty of these municipal districts covering the more thickly populated rural parts of the province, each averaging about thirty townships. This represents a sharp reduction in the number of rural municipalities through amalgamation. The Municipal Districts exist by virtue of the Municipal Districts Act. Each has from five to seven elected councillors, depending on the number of townships included. Each councillor serves three years with overlapping terms. The head of a district municipality, the reeve, holds office for a year and is elected by the councillors from their own membership.

In 1950 the provincial legislature made provision in the County Act for not more than four municipal corporations called counties. The limiting number has since been removed, and there are now counties at Vulcan, Grande Prairie, Ponoka, Newell, and, more recently, Warner, Stettler, and Thorhild. Since the counties were experimental in nature, plebiscites were to be held in each at the

end of four years from the date of formation to determine whether the electors favoured the continuance of the county or whether they would prefer to revert to the previous form of government. At least two such plebiscites have been held and both have favoured continuance of the county system. The governing body of each county is the County Council with an odd number of elected councillors, the number itself, which must not exceed eleven, being fixed by the Lieutenant-Governor in Council. At its first meeting the County Council chooses a chairman from among its members. The chairman acts as the reeve of a municipal district, as chairman of the board of trustees of a school division, as chairman of a municipal board, and as chief executive officer. As we have already noted, a later amendment struck out the clauses regarding hospital boards. The County Council now has all the powers of a council in a municipal district as well as those of the board of trustees of a school division. Also at its first meeting, the County Council appoints at least three of its members to both the municipal and the school committees. By the County Act, existing school boards included in the county cease to exist and all functions of local government are performed by the council committee, policy only being set by council as a whole. This corresponds somewhat to the British system of local government, though the number of councillors is very much smaller in Alberta than in Britain, and no new level of government is inserted between the provincial and the local government.

In the field of school administration, Alberta has led the way in making great changes. In 1936 there were about 3,591 independent local school administrative units in the province. Though most of these school districts have been retained for certain purposes, they are of course much smaller than the divisions and their administrative duties have been transferred to some fifty-six School Divisions. Thus in 1947 some 3,701 school districts were combined into the fifty-six divisions. Ninety-seven urban school districts also have been included in the divisions by agreement. In 1947, in addition to the divisions, there were the seven city school districts, twenty-seven town and twenty separate school districts, and forty-four village, twenty-three consolidated, and thirty-three rural schools, a few of which have since been included in the county organizations. Each

school division is divided into three or four sub-divisions, each of which elects a representative to the Divisional Board for a three year term, a third retiring each year. This Divisional Board exercises general supervision over the whole division; appoints, assigns, and pays teachers, and draws up a salary schedule for the division; consults with the Superintendent, an official appointed by



Laddie Ponick Studios, Edmonton

EASTGLEN COMPOSITE HIGH SCHOOL—THE SECOND OF ITS KIND
COMPLETED BY THE EDMONTON PUBLIC SCHOOL BOARD

the provincial Department of Education; and prepares an annual budget requisitioning the money required from the municipalities. In addition it has very wide discretionary powers regarding specially qualified teachers, special equipment, building, transportation, lunches, and scholarships. As already noted (Chapter XXV) the formation of divisions had the effect of pooling the resources of the area, thus enabling the poorer districts to participate in the same services as the more wealthy ones.

Municipal hospital districts and twenty district health units take medical service and health education to about fifty-two per cent of the province. The first municipal hospital was opened at Mannville in 1919. There are now forty-one such hospitals in the province operating under the Municipal Hospitals Act of 1917. These hospitals are supported by a tax collected by the municipal authority

on all property situated within the hospital district, plus a charge to the patient and a government grant. Each municipal hospital is administered by its own local board.

In Alberta, library boards, utility commissions, and such bodies, are usually appointed by the municipality wherever needed and are not separately elected bodies. They do not have the right to requisition their revenue from the municipal authority, but are dependent upon council for grants.

PROVINCIAL CONTROL AND SUPERVISION OF MUNICIPAL CORPORATIONS, SCHOOL DIVISIONS AND DISTRICTS, AND MUNICIPAL HOSPITALS

Though the extent and nature of the control and supervision of municipal corporations varies with the province, all provinces do exercise absolute control by virtue of the B.N.A. Act which gives them exclusive jurisdiction in the field of municipal government. The early method of control as set up by the 1841 Act in "Upper Canada" and the 1845 Morin Act in "Lower Canada," was largely through legislation while supervision was left to the Lieutenant-Governor in Council.

In all provinces this establishing legislation is supplemented by two sorts of legislation for municipalities—general legislation and special laws. General legislation on a particular subject applies to all municipalities within the province, but deals with one subject only. Such acts are the Assessment Act, The School Act, and the Public Health Act. On the other hand, private, special, or local acts, as they are variously called, apply to one centre or provide for matters peculiar to a particular municipality and not dealt with by the general law. A charter setting up municipal government in a city is one type of this special legislation found in all provinces except Ontario (Toronto excepted), Saskatchewan, and since 1951, Alberta. Charters are needed when centres require local government before the general law is enacted, or when there are too few large centres in the province to make general legislation practicable. Private legislation is also necessary to make provision in a municipality for some special need not covered by the general legislation under which the municipality operates. The City of Toronto, which

has some problems shared by no other centre in Ontario, previously applied for special legislation almost every year to provide for matters not dealt with in the general Municipal Act. This method of adjustment, while cumbersome, is not prohibitively so, as in Britain. It becomes necessary when one act governs all the municipalities in a province, for amendment to the general act is difficult and allows for little experimentation.

Municipalities throughout Canada operate within the framework of general or special legislation in which their powers and procedure are set forth, and beyond which they may not legally act. In the early years, supervision to make sure municipalities carried out their mandatory responsibilities, but did not exceed the prescribed limits of their authority, was maintained by the Lieutenant-Governor in Council. This proved to be quite inadequate as the municipalities grew in number and in the complexity, volume, and variety, of their duties. Much more direct and continuous control was needed, especially in financial matters. Ontario, recognizing this necessity, appointed in 1897 a provincial municipal auditor with certain supervisory powers over municipal accounts. Since this measure did not prove effective, the Ontario Railway and Municipal Board was set up to deal with certain municipal matters. In time this Board gained executive and advisory powers with regard to the Municipal Act, the Assessment Act, and the Local Improvement Act, although its chief function remained to advise the Ontario legislature on problems affecting railways and municipalities. In 1935 a Department of Municipal Affairs under a Minister took over the general supervision of municipal affairs such as accounting, statistics, special investigations, and advice. It also assumed the administration of defaulting municipalities when ordered to do so by the Ontario Municipal Board.

In the West, the rapidly expanding population required rapidly expanding municipal institutions and services where few had existed before. To meet the need for more continuous control, supervision, leadership, and guidance, especially in financial fields, the Manitoba government, in 1886, established a Municipal Commissioner as the head of a department and as a member of the Executive Council, or cabinet. This department took over the

judicial functions of the county when that form of municipal government was abolished in 1886. In 1918 its approval was required whenever municipalities desired to borrow money, a function which was transferred to the Municipal and Public Utility Board in 1932. Three years after its creation as a province, Saskatchewan established a Department of the Municipal Commissioner (later called the Department of Municipal Affairs) under a cabinet minister "to supervise municipal accounting and records, and the conduct of the affairs of the municipalities by their officers, to adjust differences arising between municipal councils, to provide for an annual inspection of the records of each municipality and, on petition of a council or order of the Minister, to make special inspections". In 1911 Alberta established a Department of Municipal Affairs under a cabinet minister with much the same powers as those of the Saskatchewan department and minister, but with provisions for a special audit of a municipality. At first these departments were kept busy organizing new municipalities, giving advice and warnings about heavy borrowing (advice which often fell upon deaf ears), helping to set up accounting and record systems, and explaining legislation.

All but two (P.E.I. and Newfoundland) of Canada's ten provinces have set up departments under cabinet ministers to deal with municipal matters. Originally the provinces created their departments to assist with a rapidly expanding municipal development. Financial problems such as those involved in the depression years were added to their responsibilities. Recently the tendency has been to increase and expand the original functions of the provincial departments at the expense of the powers of the municipalities. This had led to a certain amount of friction between municipalities and provincial governments, particularly in the older provinces where municipalities were functioning long before departments of municipal affairs came into existence.

Provincial administrative boards were frequently formed by the provincial governments with the original purpose of "dealing with problems of public utilities and their relations with municipal authorities". These semi-judicial boards were also assigned the control and supervision of municipal finances, especially capital expenditures and borrowings, and assessment. Such a board was

the Ontario Railway and Municipal Board, later (1932) called the Ontario Municipal Board, which continues to exercise considerable powers over defaulting municipalities. Its approval is required before debentures to cover capital expenditures can be issued. Saskatchewan set up a Local Government Board in 1913 with somewhat similar functions. Alberta provided a Board of Public Utility Commissioners in 1915; Manitoba, a Municipal and Public Utility Board in 1926; and Quebec, the Quebec Municipal Commission in 1932; all with similar purposes of control.

Provincial controls over the administrative powers of local government also vary in extent. Newfoundland furnishes an example of the greatest degree of provincial supervision. There the approval of the Lieutenant-Governor in Council is required for the appointment of officers, the annual budget, the borrowing of money, the enactment of by-laws, and, in most cases, the rate of taxation. Nova Scotia requires the approval of the Minister, Quebec that of the Lieutenant-Governor in Council, for municipal by-laws. All provinces except Prince Edward Island require that by-laws to incur debt must be approved by the Department of Municipal Affairs or a provincial agency, such as the Board of Public Utility Commissioners, before becoming effective. Ontario controls the public health field by model by-laws which are effective until municipalities pass their own by-laws relating to these matters.

The provincial governments also exert varying degrees of control over the personnel and employment contracts of councils' administrative staffs. Thus in Newfoundland the province reserves the right to approve of all appointments and to review all salaries paid. Some provinces set up standards of qualification for municipal offices, or require that certain appointees be approved by the Department of Municipal Affairs or a government board; others limit the power of councils to dismiss employees or reduce salaries or decide rates of pay. In a very limited number of cases a province may dismiss council appointees and replace them by others chosen by the Department or the Minister. The province may also appoint certain judicial officials who are not subject to municipal direction but whose salaries are to be paid by the municipality. Under certain conditions in Nova Scotia and Saskatchewan, councillors themselves

may be dismissed by the Lieutenant-Governor in Council and new appointees made.

Furthermore the affairs of a municipality are subject to regular inspection or investigation in Quebec, Saskatchewan, and Alberta. Drastic action is provided to ensure that reforms to correct or prevent irregularities or defects are undertaken. Most provinces provide for special surveys or investigations by the Department of Municipal Affairs or a provincial board, or for judicial investigations. Many of these drastic provisions for dealing with specially acute problems are rarely if ever used, but the normal controls, such as the requirement that all municipalities obtain provincial approval for any capital expenditure involving a borrowing programme, are regular and in constant use.

In a somewhat similar manner provincial governments control and supervise local school boards by acts of legislature, by advisory bodies, by provincial departments of education, and by boards and commissions. Thus a minister of the Crown or a body appointed by the Lieutenant-Governor in Council is the chief authority and makes the policy. The detailed administration is carried out by a staff of permanent civil servants, such as the Deputy Minister, Chief Superintendent of Schools, or Director of School Administration. These officials are appointed by the provincial government or its agent. They administer the various provincial school acts including the system of school taxation and grants; prescribe curricula; train, examine, grade, and issue certificates to teachers; transport students in remote areas to and from school; provide correspondence courses; distribute school libraries and films; broadcast radio programmes; train the blind and deaf; and supervise local schools.

PROVINCIAL CONTROL AND SUPERVISION OF MUNICIPAL CORPORATIONS AND SCHOOL AND HOSPITAL BOARDS IN ALBERTA

Seven Alberta cities operated under individual charters prior to January, 1952, when the City Act brought uniform organization to all cities except for a few special requirements or characteristics which it seemed advisable to retain in the interests of good local government. All future cities, like Camrose, will be incorporated

under this general act. Towns and villages are governed by a combined act, municipal districts by a Municipal Districts Act, and counties by the County Act of 1950 which provided for four counties, though the limit was discarded by the amendment of 1953. General financial control is outlined in the acts and corresponds to provisions for those restrictions upon expenditure and taxation existing elsewhere in Canada. Thus powers of taxation are specified and debenture debt is limited to twenty per cent of the rateable property valuation. Loans must be used for the specific purpose for which debentures were issued. Business and industrial bonuses are forbidden. Estimates must be submitted annually, and include debenture instalments or sinking fund payments and interest, requisitions of hospital boards or districts and of school boards or districts or divisions, and statutory payments. The municipality levies the taxes required to meet the estimates at a uniform rate on assessed value of lands, improvements, and personal property.¹ By-laws involving the borrowing of money must be submitted to property-holders and receive a two-thirds majority of the vote. Permission to pass the by-law must also be applied for to the Board of Public Utility Commissioners. These general acts also provide for an annual audit of books and accounts, an abstract of which must be forwarded to the Department of Municipal Affairs, and both report and abstract must be printed. Property-holders may petition for local improvements; council may own and operate light, heat, power, natural gas or gas plant, and waterworks, and enforce payment of rates by cutting off utilities. The municipality must pay to its school board the amount of the school requisition. Surplus money may be voted to the sinking fund or to the reduction of debenture debt or to a contingency reserve fund. Thus legislation seeks to serve the best interests of citizens and taxpayers in the field of municipal expenditure.

Alberta and Ontario have assessment acts separate from the municipal or incorporating acts. The Assessment Act in Alberta provides for taxation upon land and buildings or, in agricultural regions, on land alone. The Alberta Department of Municipal Affairs is organized under a cabinet minister and a deputy-minister.

¹In Alberta "personal property" has a unique meaning, referring for the most part to machinery of certain kinds.

In addition there is a Director of Assessment whose branch sets up the method and standard of assessment so that in Municipal Districts coming under the Director of Assessment taxation is uniform throughout the province. Taxation in the cities, of course, is not necessarily uniform with the other local authorities. As Chairman of the Alberta Assessment Commission, the Director of Assessment deals with adjustments and revisions of various assessments. The Municipal Inspection Branch under the Chief Municipal Inspector and his staff of Municipal Inspectors, carries out annual inspection of the books and records of municipalities. They pay particular attention to the by-laws, budgets, methods of finance, and the way in which authority is exercised under the various acts. This Branch also supervises changes in boundary or status from village to town, though some boundary changes, such as annexations by the cities, come under the Board of Public Utility Commissioners. The Field Service Branch, under its Supervisor, administers the Improvement Districts, values land for succession duties or tax recovery, acts as administrator and official guardian of estates, and inspects and assesses wild land. It also reports on applications for mothers' allowances and old age pensions. The Tax Recovery Branch operates under the Tax Recovery Officer, who authorizes the sale of land for unpaid taxes, enforces the Tax Recovery Act, and administers the land acquired under that act. The Branch also administers the Local Tax Arrears Consolidation Act. The Collections Branch, under the Chief Collector, collects the amounts due to the province for agricultural advances and other government accounts, while the Accounts Branch, under the Accountant, prepares estimates, compiles levies, sets up assessment and tax rolls, and prepares and issues tax notices for each improvement district, recording all monies received and making all payments on its behalf. Most of these powers of the various branches of the Department of Municipal Affairs do not apply to cities.

From its inception, the Department of Municipal Affairs in Alberta has administered the various municipal acts dealing chiefly with assessment and taxation. Since 1921 its powers have been steadily growing until it now gives, through its inspectors and field service, considerable assistance to local municipal officers in conducting the affairs of the municipality. It is particularly concerned

with the business management of all municipalities. To secure sound administration, the Minister of Municipal Affairs may disallow appointments such as those of secretary-treasurer, assessor, or auditor, if after due inquiry he believes the appointee to be incompetent. In all these ways the Department keeps in very close touch with all municipalities and improvement districts and exercises control over their taxation and accounting methods. In recent years the Department has not only recognized but has actually co-operated with such voluntary municipal associations as the Municipal Districts Association (rural), the Union of Alberta Municipalities (urban), and the Association of Municipal District Secretary-Treasurers.

The rapid expansion of communities and the heavy demands for public utilities resulted in heavy loads of municipal debt. This led the Alberta legislature to set up a Board of Public Utility Commissioners composed of three members. Its primary function was to protect the people, who so often become dependent upon privately owned utilities, by seeing that these utilities provided efficient services and charged just rates. To this end the Board has many of the powers of a law court, and its members, appointed by the provincial government for a ten-year term, resemble judges in that they examine cases and hand down judgments. It has extensive jurisdiction over privately owned telephone, street railway, water, gas, heat, light, or power systems, and the rates charged by them, and may extend this jurisdiction to municipally owned systems if a by-law is passed to that effect. Thus the Northwest Utilities Company must apply to the Board of Public Utility Commissioners if it desires to increase the price at which gas is supplied to the consumers of Edmonton.

From time to time additional functions have been assigned to this Board so that it has tended to prevent the accumulation of excessive municipal debt by helping municipalities to control extravagant expenditure. The Board now passes upon requests of all local authorities (municipal or school) for permission to raise loans by issuing debentures or bonds, thus supervising the capital expenditure of these authorities. It still deals with the financial affairs of defaulting municipalities and may extend the time granted for repaying debts. It may separate land from an urban municipality, order compromise of tax arrears deal with plans of subdivisions and

town planning, and administer the law regulating the sale of shares in joint stock companies. Actually it is not greatly concerned with planning outside the municipal districts.

Thus the province of Alberta controls and supervises the various functions and operations of all its municipalities by means of legislation, a Department of Municipal Affairs with its various branches, and a Board of Public Utility Commissioners.

Education, as a government function in Alberta, began when the legislature of the Northwest Territories passed the first School Ordinance in 1884. The system expanded from sixty-five applications for the organization of school districts in 1885, until, in 1901, the Government of the Northwest Territories found it necessary to create a regular Department of Education. It also enacted that in any school district already established, a Protestant or Roman Catholic minority might organize a separate school district. When Alberta became a province in 1905, it immediately passed the Department of Education Act setting up its own Department of Education with the first premier of the province, the Hon. A. C. Rutherford, as its minister. Thus Alberta inherited from the Northwest Territories a Department of Education, an educational system, a School Act, and the Separate School system.

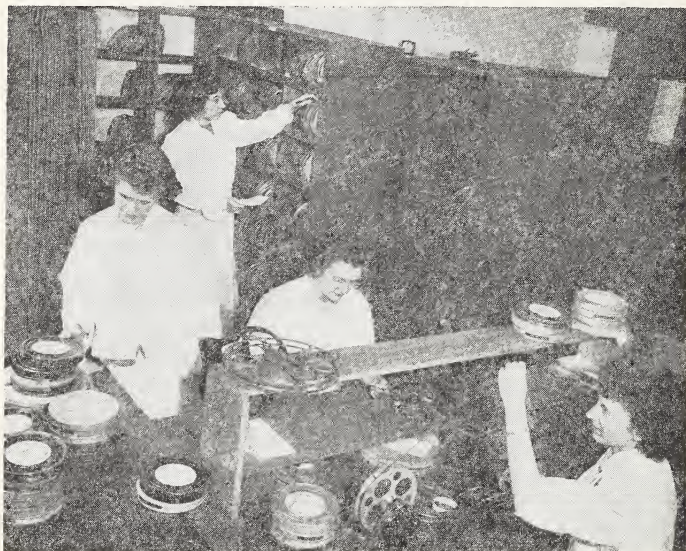
The whole system of education in the province from primary grade to university, including private and separate schools, is organized, regulated, and supported, by a series of provincial acts which call for the closest co-operation between local and provincial authorities. The Department of Education Act organized the Department under a minister and deputy minister, assisted by technical and administrative officials. The act also gives the Department extensive powers over all schools supported by public funds, except the schools of agriculture, which are under the Minister of Agriculture, and the University of Alberta which has a separate Board of Governors.

From time to time the Department has issued regulations for the operation of the schools in the province and these constitute the control by legislation. Thus the School Act with its amendments provides for the organization of school districts, each with its elected board of trustees (except in counties) responsible for the schools within the district, or for school divisions under divisional boards.

The school boards, divisional boards, and the school committee of the county council, constitute the local authorities who administer the local schools in co-operation with the central authority. They have very little power to legislate, however, and in this respect differ from municipal councils. The School Attendance Act makes it compulsory for all children from seven to fifteen years of age to attend school regularly under penalty to the parents of fine or imprisonment. The School Grants Act provides for payments by the provincial government to the various local authorities to supplement the finances which they raise locally. Local authorities can thus be controlled by cutting off the grant for non-compliance with provincial regulations. All these acts have been amended from time to time, and they serve not only as a basis of co-operation between local and central authorities, but also as instructions to teachers and students regarding the details of school work.

The Minister of Education has considerable powers under the above-mentioned legislation to issue regulations for the proper conduct of the educational system of the province. This administrative control is exercised on the advice of the various officials of the Department, but the general responsibility is the Minister's. The programme of studies or curriculum, being the responsibility of the provincial government, is drawn up by the Director and Associate Director of Curriculum and then submitted to the Minister. The Curriculum Branch lays down, for the guidance and help of teacher and pupil, the subjects to be taught in each grade; the aims and objectives of each course; the textbooks and supplementary reference material; and regulations regarding promotions and examinations. It provides audio-visual aids, such as films, filmstrips, and radio broadcasts; and it is generally responsible for adult education. It is also in very close touch with Home and School Associations. School supervision is the work of a staff of High School Inspectors, Supervisors of Special Subjects, and Superintendents of School Divisions, operating under the Chief Superintendent of Schools. These officials visit schools in the province and are the links between the provincial government and the local authorities. Besides checking on the organization, administration, and efficiency of the schools in each locality, they advise school trustees on local problems, assist

teachers, and interpret the laws governing education in Alberta. The Registrar of the Department is particularly concerned with the training, certification, and evaluation of teachers. A Board of Teacher Education and Certification, composed of members from the Department, the University of Alberta, the Alberta Teachers'



Alberta Government Photograph

AUDIO-VISUAL AIDS BRANCH, DEPARTMENT OF EDUCATION, ALBERTA

Association, and the Alberta School Trustees' Association, advises the Minister on all matters concerning this branch of the educational system. School administration is the particular field of the Director of School Administration, assisted by the Field Administrators. This branch organizes districts and divisions, administers special grants, and arranges for the raising of loans through the sale of debentures. Under the general supervision of the Director of School Administra-

tion, and the Deputy Minister, the Building Branch gives advice on all matters connected with school buildings. It even supplies plans upon request. The Grants Branch applies the provisions of the School Grants Act to every school district.

Only the Minister, as a member of the Cabinet, can initiate legislation in the legislature upon educational matters if the measures proposed involve the expenditure of public funds. If no such expenditure is involved, the legislation can be initiated by any member of the legislature. With the exception of the counties, each organized district elects its own board of trustees. These boards administer the provincial acts in their own area. Thus they build and maintain schools, engage and pay teachers, provide teacherages and transportation where necessary, and generally are responsible for all children having every educational opportunity. To provide these services the local authority is allowed to raise money for current expenditure by requisition from the municipality, and for capital expenses by borrowing money subject to the approval of the Board of Public Utility Commissioners and the ratepayers.

Similar forms of control by legislation, and supervision by a central department, govern relationships between the Department of Public Health and municipal hospitals, each of which is administered by its own local board.

LOCAL ADMINISTRATION—LEGISLATIVE AND EXECUTIVE

The powers of municipal corporations are, without exception, exercised by elected councils. Councils may vary in size from three to over forty (in Montreal there are 100 members), in the qualification of councillors, in methods of election (general or by wards), in terms of office (one to four years), and in powers. They vary from province to province and also according to the type of municipality. Thus all cities have larger councils and wider powers than villages. But the councillors (aldermen) of cities in Ontario may be elected by different methods and for different terms of office from those in British Columbia. Yet councils are the governing bodies of all municipalities, exercising both legislative and executive functions, and as such have certain characteristics in common.

The chief executive officer in all municipal councils is the mayor, reeve, warden, chairman, or overseer, as he is variously called. He may be chosen from and by council, or elected directly by the citizens for a one- or two-year term. As chief executive officer, he has responsibilities and often specific powers apart entirely from those he shares with others of the council. These specific powers and responsibilities again vary with the province and type of municipality. It is his duty to preside at all meetings of council, and he has special responsibilities regarding the enforcement of municipal by-laws, and the checking of negligence. Because of his overall knowledge, he can keep council informed regarding the interests of the municipality. Some communities allow the mayor to make such appointments as special constables; to suspend from office, subject to review by the council; to veto certain actions of the council; and to vote upon specific occasions. For the most part, mayors in Canada appear to have much less power than their "strong" counterparts in the United States, but more power than most English mayors. However, the mayor's power is based largely upon his prestige and personality rather than upon his legal authority.

Councils may exercise their powers only in regularly constituted meetings at which a quorum is present, and only if a majority of the councillors vote for the motion. The requirements of regular meetings may be laid down by provincial statute or may be left to the discretion of the council itself. Under certain circumstances councillors are disqualified from voting on certain issues. Though these circumstances vary with the province, this provision is intended to avoid situations involving self-interest in which a councillor might find his own personal affairs conflicting with his duty as a representative of his community. In some cases the provincial law allows councillors to be paid for their services; in others payment may be forbidden. When paid, the basis of payment may be a fixed rate for each meeting, or a fixed rate per annum with deductions for each absence. Many of these details are left to the municipality itself to determine.

Councils have two types of function to perform—legislative, and executive or administrative. The legislative function is usually performed through by-laws or resolutions. The more important matters and those affecting the public directly must be made widely known,

since they frequently involve penalties such as fines when they are broken. Consequently, such legislation usually takes the form of by-laws, while resolutions are used to deal with matters of lesser importance and particularly with those of internal administration and management which do not directly affect the public. Resolutions often record opinions of council. But whether it be a by-law or a resolution, council's jurisdiction extends only to the municipality, except in metropolitan areas where an urban centre may legislate on such items as parks, airports, disposal plants, and hospitals, in adjacent suburban or rural municipalities.

Besides the province-to-province variations, the legislative powers of a council vary within the province according to the grade of the municipality. The powers usually conform to the needs of the community. All councils have the right, within the limits set by provincial statute, of deciding upon the rules and regulations governing their own proceedings. Thus by-laws must pass three readings in council, must be signed by the head of the council, and must then have the municipal seal attached. A money by-law must be submitted to the burgesses or property electors and, in Alberta, application must be made before its third reading to the Board of Public Utility Commissioners for permission to pass it. While municipal districts in Alberta may borrow money to provide resident proprietor voters with seed-grain or fodder in times of emergency, cities have no such power. Instead they may borrow money to provide bus service for their inhabitants. Usually councils have the power to take certain actions, such as laying sewers and maintaining streets; to make grants for patriotic, educational, or charitable purposes; to prohibit the making of loud and disturbing noises, or the annoyance caused by emitting dense smoke for long periods; and to regulate and inspect buildings, plumbing, and electric wiring. They may license businesses or activities such as restaurants or service stations; enter into agreements or contracts for such things as street paving; conduct their own business by employing and paying employees; buy, hold, or sell land; and raise money by taxing or borrowing. Many of these functions are mandatory, that is, laid down by legislation, since the provincial government is concerned to protect the citizen against the inaction of the local government. Though the local council may or may not choose to exercise its optional powers,

all its actions are subject to the conditions and stipulations laid down by provincial statutes or by supplementary regulations.

Since municipal by-laws go into effect immediately, and not, as in provincial and federal legislation, after a considerable time lapse, councils spend much of their time in supervising the administration of their legislation. To do this more effectively, councils often appoint committees of which the head of the executive, the mayor or reeve or warden, is an *ex officio* member. Standing committees are appointed at the first meeting of the council or board and continue to function all year. Each standing committee exercises a general supervisory control over the work and staff of one or more departments, or one or more functions of a department. Each committee consults with and advises the officials of its department, and each in turn reports and makes recommendations to the council. Edmonton has two such committees, one on finance, composed of five aldermen, and the other, also of five aldermen, on by-laws. The two Commissioners and the mayor attend meetings of both committees.

Special committees are selected and set up to deal with special matters as the need arises. In the extensive study of a topic these committees, by adding non-council members to their number, may take advantage of the specialized knowledge or skill of outstanding citizens. Such a special committee in Edmonton is the Utilities Committee, which is set up to investigate and recommend action to the Council on all matters concerning the civic utilities.

Following the practice of decentralization as applied in Great Britain and the United States of America, local boards and commissions may be set up by the province or the municipality to deal with special subjects. This is especially true in urban centres. Thus all provinces provide for school boards, elected locally to deal with educational matters, though the recent County Act in Alberta makes this function part of the work of the county council through the school committee. Some provinces make provision for special-purpose bodies in each community to carry out measures in town planning, utilities, health, police, parks, playgrounds, or hospitals. These bodies may be composed of elected members, *ex officio* members, members appointed by council, or any combination of the three as the province or the municipality may determine. Often a provincial department finds such special boards or commissions more

amenable to its guidance and control than councils. In recent years, therefore, the tendency has been to encourage their formation. A study of the organization of the municipal government of the City of Edmonton reveals that the Council appoints a Hospital Board, a Board of Health, the Boxing and Wrestling Commission, a Library Board, and a Recreation Commission. The citizens, however, elect two School Boards, one for the public and the other for the separate schools.

DEPARTMENTAL STRUCTURE—ORGANIZATION AND FUNCTIONS

To carry out the administration and apply the by-laws laid down as policy by the council, the municipality employs its own body of workers, or civil service. These civil servants, particularly in urban municipalities, are grouped together into departments according to the type of civic activity with which they deal. As the demand for new services increases, there will arise the necessity of establishing new departments, of splitting or amalgamating some of the existing ones, or of increasing the duties of others, for the departmental organization must always be flexible enough to meet the changing conditions of a growing community.

To allow and encourage some measure of co-ordination between these various departments, they should be grouped according to their function or purpose into three main divisions. Each of these should have some general over-all supervision over the departments under its jurisdiction. Those departments such as the Assessor's, the City Clerk, the Claims Agent, the Comptroller, the Purchasing, the Treasurer's, and the Solicitor's, may be termed the overhead branch, whose main function is to see that the business of the city is conducted, recorded, and accounted for, in the proper manner. The service departments include such direct services to the consumer as those furnished by the Airport, Waterworks, Power Plant, Transit System, and Parks. The Health and Welfare, the Fire, and the Police departments are protective in nature, combating communicable disease, fire, and crime, and protecting the life and property of its citizens. When the service departments come under the supervision of a single person or committee, there is obviously more chance of co-operation and co-ordination, and less probability of the Water-

works department, for example, tearing up a newly paved street to lay a new water main.

Of course, all these departments derive their authority from the council and ultimately come under its general supervision; but because councillors are usually amateurs in civic administration and have their own businesses to attend to, they frequently leave this work to the mayor and to appointed full-time, permanent appointees such as commissioners. These commissioners, after discussion with the department heads, make recommendations to council regarding appointments and all matters touching the business of the department. But they grant a comparatively free hand to the head of a department, a personnel officer, or to the civil service commission, in the choosing, promotion, and management of the staff, and the running of the department. Thus, in a large centre there grows up a well-defined organization of municipal civil servants, each responsible theoretically and indirectly to the local council and directly to his immediate superior.

In the smaller centres, such as the small towns and villages, and in the rural municipalities, the civil service is much smaller and simpler. Here one official often combines in his own office the functions of two or more of those in the larger centres. Thus the Secretary-Treasurer takes the places of the City Clerk and the Treasurer, and may also assume that of the Solicitor. This means that there is less specialization among the civil servants of the smaller centres and there is also less need of intricate departmental organization.

Local governments, then, though elected themselves, usually carry out their executive or administrative duties through an appointed, full-time civil service to which they delegate their powers. This body of paid civil servants in Canada is usually permanent because it is not part of a patronage system. It is reasonably efficient because it rarely experiences interference by the elected councillors. Though seldom trained for the position, the municipal civil servant is ordinarily left in the position long enough to learn its technique and, therefore, to become an efficient employee and make a significant contribution to the effective administration of the community.

CHAPTER XXVII

SOME OF THE PROBLEMS OF MUNICIPAL GOVERNMENT

THE PROBLEM OF FINANCE

Since the activities carried on and the services rendered by a municipality depend essentially upon income or revenue—that is the money to pay for them—it follows that finance has always been the basic problem of the municipal government. But this problem has become particularly pressing of recent years as the demands for new services and activities, especially in urban centres, have become ever more extensive, while the revenue to pay for them has lagged farther and farther behind.

Municipal revenues in all provinces are derived from four main sources: (1) taxes; (2) grants, subsidies, shared taxes; (3) earnings from municipally owned utilities or enterprises; and (4) miscellaneous revenues such as fines, licences, and rents. Though the percentage of revenue obtained from municipal taxation may vary, ranging from a low of 56.2 per cent of total revenue in Victoria to a high of 94.6 per cent in Hull, an average of 73.97 per cent of municipal revenue is derived from this source alone (see Table 1, p. 440). Grants, subsidies, and shared taxes, are not made by all provinces or are made to special purpose bodies. They yield an average of only 6.5 per cent of the total municipal revenue. Municipally owned utilities and enterprises bring in an average of 12.6 per cent of total revenue, while miscellaneous revenue completes the picture with an average of 9.4 per cent.

Section 92 of the B.N.A. Act gives the provincial legislatures exclusive powers over "Direct Taxation within the Province in order to the raising of a Revenue for Provincial Purposes". Because of this constitutional limitation upon taxation powers, provincial legislatures, when setting up municipal corporations and other local governing bodies, have been able to grant to these bodies the power to levy direct taxes only. Recently provincial legislatures, in their search for more income to meet the increasing demands for more

TABLE I

PERCENTAGE OF GROSS REVENUES DERIVED FROM VARIOUS SOURCES IN TWENTY CANADIAN CITIES (1949)¹

<i>City</i>	<i>Taxes</i>	<i>Grants and Subsidies</i>	<i>Enterprise Earnings</i>	<i>Miscellaneous</i>
Montreal	68.3		16.4	15.1
Toronto	72.1	6.7	14.3	6.7
Vancouver	65.7	17.6	9.4	7.1
Winnipeg	79.7	1.0	7.8	11.2
Quebec	72.6		21.7	5.5
Edmonton	70.6	.3	11.5	17.4
Calgary	77.0	.4	15.7	6.7
London	86.4	5.0	1.1	7.3
Halifax	74.7	2.9	6.1	10.2
Verdun	76.4		18.7	4.7
Regina	67.7		21.1	11.1
Saint John	56.8	16.6	16.1	10.3
Victoria	56.2	10.5	19.2	14.1
Hull	94.6			5.4
Westmount	75.1		10.8	10.8
Peterborough	86.0	5.0	4.3	4.5
Moose Jaw	76.7	3.8	3.0	16.3
St. Boniface	65.7	1.1	26.8	6.1
Niagara Falls	69.2	9.4	12.5	8.7
Owen Sound	88.0	4.5	3.4	2.8
Average	73.97	6.5	12.6	9.4

services, have reduced still further the already narrow basis of municipal taxation by withdrawing, for their own use, some of the sources of revenue previously available to municipalities. However, the field of real property taxation has been left almost exclusively to the municipal governments and property taxes have formed the backbone of local taxes, accounting for 85 per cent of all municipal tax revenue. But this type of taxation is the least flexible of all, since it tends to bring in the same amount year after year unless the assessment or the mill rate is raised, and the limits to which either of these can be increased are soon reached. Yet if this single item of taxation fails to bring in sufficient returns, the municipality has very few other resources to which it may turn. For this reason the municipal tax revenue is much more rigid than

¹ Crawford. *Canadian Municipal Government*.

that of either the federal or the provincial government. If the federal government's largest single source of taxation, that of personal income which yields 26 per cent of the total revenue, does not furnish sufficient to meet its needs, the federal government is empowered to look to many other sources. The provincial government, whose largest single tax item is that on gasoline which accounts for 31 per cent of the total tax revenue, can when necessary impose new taxes, provided they are direct taxes. But the municipality can expand its taxing power only with the approval of the province, an approval which most provincial legislatures have so far been reluctant to grant because this would make the municipality a competitor in the search for more revenue.

Within this restricted field of municipal taxation, the real estate tax exemption is another very serious limitation of the revenue structure. In the early days of municipal government, churches, cemeteries, charitable organizations, educational institutions, government buildings, Crown companies (by virtue of Section 125 of the B.N.A. Act), hospitals, municipally owned property, and publicly owned utilities were all exempt from municipal taxation. This practice continues in most cases even to the present day. The city of Hamilton loses 16.55 per cent of its total valuation in these tax exemptions, while other municipalities lose up to 37.45 per cent, which is the figure for Saint John. It is estimated that an average of 20 per cent of the total valuation of all municipalities is thus lost to municipal revenue. This has brought about a gradual change in thinking, especially in the field of municipally owned enterprises and Crown companies, so that it is now felt that municipal taxation should be regarded as a proper and necessary element in the costs of any industry located in the municipality, regardless of ownership. Accordingly, Crown companies have in some cases entered into agreements with the municipality to make certain payments, particularly towards education, in lieu of the taxes from which they are constitutionally exempt.

Recently the federal government and most provinces have made grants to municipalities in lieu of taxes on their properties. But the federal government has paid only where the value of its property in a community has exceeded four per cent of the value of all taxable property. On March 17, 1955, the Hon. W. E. Harris,

Minister of Finance, introduced an amendment to the Municipal Grants Act. The qualifying value of federally held property was thereby reduced from four to two per cent of the value of property, exclusive of federal holdings, and the grant was made payable at 100 per cent of the assessed value, instead of the former 75 per cent. These and other benefits afford considerable relief to many municipalities. But provincial payments are still restricted to the property of certain revenue-producing enterprises, such as the Alberta Liquor Control Board. Therefore, municipalities continue to agitate for further relief in the matter of tax exemptions.

Business taxes in various forms and on various bases are universal in urban municipalities in Canada and net the municipality from six to ten per cent of the real property tax. One form of business tax is the licence, which may be levied to control the business or to produce a revenue. Because it is easily abused, the tax on stock has either disappeared or been greatly modified in most Canadian cities, but it is still levied by the Alberta government in improvement districts. Most municipalities levy a tax on rental values, though the basis of this tax varies with the community, the rate being set by the individual council in Alberta. A tax on the capital value of premises occupied, or on some percentage thereof, is quite a usual tax in cities. A tax on the basis of the space occupied by a business is general in Alberta towns and villages.

Miscellaneous taxes have the general purpose of lessening the tax burden on real estate, of increasing the number of taxpayers thus making more people tax-conscious, and of producing revenue. Municipalities, having few resources for taxation, have tended to revive old forms of direct taxation or to invent new ones. Thus the poll tax on the worker, which was disappearing because it was difficult and costly to collect and produced poor net returns, has been revived and is now collected in some municipalities through the employer. A "service" tax—another form of the poll tax—applies to those who pay no other taxes, and is mandatory in Alberta municipal districts. Many municipalities have adopted or are considering an "occupancy tax" which has the advantage of increasing the number of direct taxpayers. Amusement taxes also may contribute to municipal revenues, as may a number of more or less ingenious taxes devised or revived to fill the gap between

the costs of services and the regular sources of revenue. This "living by one's wits" is forced upon a municipality by the incompatibility of demands and resources. It will continue until federal and provincial governments assume a larger share of the costs of welfare and education, or until the municipal council regards true economy and efficiency in the collection of current taxes as better policy than the devising of new forms of taxation.

As has been seen in Table I, page 440, subsidies, grants, and a share of taxes, are paid by some provincial governments to some municipalities, or direct to special purpose bodies such as hospitals or school boards. Provincial grants known as general subsidies or unconditional grants are made for the purpose of assisting in the general cost of municipal government and lessening the burden of taxation on real property. These grants are not made for any specific service or standard. But conditional grants are designed to induce the municipal government to undertake, improve, or maintain, a certain standard of service. Since municipalities differ in their financial ability to provide certain services or maintain certain standards, many grants or subsidies are made for the purpose of equalizing these.

Shared taxes, though not as widely used in Canada as in the United States, are another way of assisting municipalities. Thus the cities and villages of British Columbia receive a total amount equal to one-third of the net proceeds of the provincial retail sales tax and the provincial licence fee for motor vehicles. In Alberta, the Municipal Assistance Act of 1951 stipulates that four cents of the tax on every gallon of gasoline be set aside to provide a fund from which assistance is extended to municipalities.

The main problems of municipal finance, so far as revenue is concerned, are those of the narrow basis of the major portion of tax sources, the attempts to broaden the tax basis, and the difficulties involved in municipal-provincial relations resulting from any large scale assistance of the municipalities by the provinces.

As there is almost no limit to the possible demand for municipal services except the inability to pay for them, municipal expenditure presents to the councillors the problem of reconciling taxation with the desires of the electorate. This gives rise to a very careful scrutiny of each proposed expenditure with the object of selecting those

which are most essential, or, as sometimes happens, are supported by the most effective speakers.

Council must provide for four kinds of expenditure. First, the debt charges covering interest on the debt and the sinking fund must be met. These expenditures are obligatory, and failure to provide for either may cost the councillors their seats and even make them personally liable for any deficiency in the amount. Second, since it is not desirable to duplicate the assessing and tax collecting functions, council usually levies and collects the taxes required to finance all civic boards. Thus school boards requisition annually for their requirements and these council must provide. Some civic boards are entitled to requisition up to a maximum, while other provisions are left entirely to the discretion of the council. Obviously council must budget for all or some portion of these financial requests, or services will be cut back, causing considerable outcry among the citizens. Third, certain services are required by law to be provided by the municipality. Council must, therefore, make provision for the expenditures involved in these services. Failure to provide these funds would result in severe penalties being imposed by the provincial government. Fourth, expenditures for optional services are the only ones in which council may exercise its discretion. Even here it is easier to initiate a service than it is to discontinue or reduce it, so that the discretion of council is largely limited to decisions of maintaining, extending, or improving, the optional services.

The most significant fact about municipal expenditure is its enormous increase resulting from the growth of population and the number of new demands for service. These demands become more pronounced as the population becomes more urbanized. Thus from 1904 to 1935 the per capita municipal expenditure increased from \$7.16 to \$32.77. In this period the population doubled, but municipal debt service went up 950 per cent; overhead expenditures, 760 per cent; protective services, police and fire, 530 per cent; recreation facilities, 520 per cent; public health, sanitation, and welfare, 3,000 per cent; and education, 800 per cent. Most of these expenditures represent services to persons, demonstrating that the outlook of municipalities has become much more human and humane than it was in the nineteenth century.

In Alberta, the legislature, by requiring that money by-laws be submitted for approval to the Board of Public Utility Commissioners before being voted upon by the burgesses, seeks to control borrowing and hence the capital expenditures of municipalities, school boards, and other civic bodies. By setting up a revolving fund from which municipalities may borrow at a low rate of interest upon the security of their debentures and bonds, the province of Alberta further seeks to control and limit municipal borrowing for capital expenses.

SUMMARY OF EXPENDITURES—CITY OF EDMONTON: 1951-1952

<i>Expenditure</i>	<i>Actual</i>	<i>Estimated</i>
	1951	1952
General Government	\$ 866,566	\$ 807,560
Protection of Persons and Property	1,897,969	2,347,261
Public Works and Construction	706,684	912,439
Sanitation and Garbage Removal	943,126	1,077,557
Conservation of Health	89,817	155,811
Public Welfare	549,992	747,939
Education	4,130,222	4,842,296
Recreation and Community Services	804,847	838,072
Debt Charges	1,673,489	2,142,658
Miscellaneous	85,341	131,012
<i>Total Expenditure</i>	<i>\$11,748,053</i>	<i>\$14,002,605</i>
Surplus	2,890	
	<i>\$11,750,943</i>	<i>\$14,002,605</i>

Many of these new or increased services require considerable equipment and thus give rise to heavy capital expenditure. For this reason many municipalities went deeply into debt with the result that the depression of the 1930's brought some local authorities to the verge of bankruptcy and forced the provincial governments to come to their assistance. One method of meeting this problem of excessive municipal borrowing is through capital budgeting by the municipality itself. This would call for a five to ten year budget, outlining in order of their priority the works to be carried out during the period and the method of financing them. Few municipalities, however, provide for a long term budget on capital expenditure, preferring to concentrate on current budgeting.

Thus it is in the public interest to compel local bodies to examine carefully every proposed extension of services or expenditure, to determine whether these might become self-supporting or be justified by the social benefit derived. The tendency of the provincial governments to require local authorities to undertake more and new services would seem to demand a revision of the policy of municipal financing by the provincial legislatures. The whole question of the independence or subservience of local governments bristles with difficulties which will require much care and patience to solve.

THE COUNTY SYSTEM IN ALBERTA

Unlike counties in Great Britain and Ontario, the Alberta County System, set up by the County Act of 1950 on an experimental basis, does not impose another level of government between the local and provincial bodies. In Alberta, the county is not, as it is elsewhere, a federation of municipalities with a council to which each individual municipal corporation sends a representative and to which a number of items of common interest are delegated, while the members continue to act in their own localities on individually important matters. Rather the County Act is an attempt to solve the problem of the clash of interests between the elected council and special-purpose bodies such as the elected school board. It therefore reduces rather than increases the number of governing bodies and does not seek uniform action in common matters among several municipalities. Instead it supersedes the former municipalities which are abolished when counties are set up in their areas.

In Great Britain, councils of county boroughs, county councils, councils of non-county boroughs, urban district councils, and rural district councils, are multi-purpose bodies. There are special-purpose authorities to deal with inter-community matters such as river drainage and harbours. It is the multi-purpose aspect of council which is applied in the Alberta County Act. The Alberta county amalgamates municipal and educational functions. This concentration of powers in the hands of council has been greatly facilitated by the work of the Coterminous Boundary Commission, which has made the school district boundaries coincide with those

of the municipal districts. County councils, upon meeting after an election, are required by the act to set up a municipal committee and a school committee. The council may set up other committees, but these two are mandatory. This eliminates the necessity of electing a number of school trustees each year, and also makes the school committee, which spends the money on education, part of the same body which collects the revenue. Thus contention between councils and school boards is solved in the county system by removing the school board. No longer is the council irked by having to collect and hand over, without question, the full sum of money requisitioned by an independently elected school board.

Tension between two civic bodies being thus reduced, the councils of the newly formed counties have much more freedom of action. The council can concentrate upon policy making and administration, undisturbed by the check of another policy making and administrative body equally independent. In its original form, the Act allowed the school committee to co-opt leading citizens to serve as members, but a subsequent amendment deleted this clause. This would appear to be a distinct disadvantage, since it is no longer possible to utilize the services of many who do not desire to run for office or who are not proficient at being elected, but who have valuable contributions to make to the community. The British claim that their system, which the Alberta system approximates, shows confidence in the elected council and attracts as candidates for office a very high calibre of citizen.

There is, however, another point of view which is not so favourable to the county system. It is based upon a number of criticisms of the County Act, and the practical application of it in the areas organized as counties. First, the county administration has not yet solved the problem of including in the organization those towns or villages which are in the geographical area or are otherwise an integral part of the district. Second, it is claimed that the school committee lacks continuity since members hold office for only one year, while school trustees are elected for a two-year period with overlapping terms. Third, the short term of office does not allow the committee member sufficient time to become thoroughly acquainted with the problems and complexities of the educational system. The removal of the power to co-opt members adds greater

point to this criticism. Finally, some educationists, who think of education as a function so important that it has always been under the jurisdiction of a separately elected board, view the amalgamation of the two functions with dismay. They are fearful that county councillors who are not particularly interested in education may be appointed to the school committee. Such a clear break with tradition as the county system is certain to meet with considerable opposition. It must overcome this by its own intrinsic merits. The sponsors of the system must, therefore, solve these problems and confound its critics by the superior performance of the county in both the municipal and the educational fields.

PROBLEMS OF DEMOCRATIC CONTROL AND EFFICIENCY

Since the permanent staff who carry out the policies in a municipality are appointed by the elected council, it follows that the people who elect the councillors exercise the ultimate control. Many citizens think that they exercise their franchise when they vote for mayor or councillors, but their duties as citizens go much further than that. Thus, to ensure that the council is composed of the best type and not just of self-centred politicians, the citizen must be prepared to attend nominating meetings and to nominate people who, he considers, will give their best efforts to solving the problems of civic administration. He must also support them in their honest expressions of opinion and give constructive criticism. In order to do this the citizen must do some thinking for himself. He must educate himself in the problems of the community and exert himself to attend nomination and campaign meetings and to vote. The light vote in many municipal elections over the past thirty years indicates that a great many citizens are apathetic. In London, Ontario, whose reputation for public spirit is exceptionally high and whose record is therefore much better than that of most urban communities, the percentage of voters ranges from a low of 21.7 to a high of 64. For twelve of the twenty-seven years recorded the vote was lighter than 50 per cent, and in only five years was it 60 per cent or over. For the last five years in Edmonton, the figures are as follows: 1950—30%; 1951—41.9%; 1952—12.6%; 1953—11.2%; 1954—17%. The flimsiest of excuses are given by the non-voter. Bad weather is sufficient to keep him from the polls, but not from a football game;

one vote cannot influence the result; he lacks understanding of the problems or knowledge of the candidates; the present councillors are doing a good job; or municipal elections are not worth the bother. The situation is even worse when it comes to nomination meetings.

But though one vote does not influence the result, the size of the vote has a direct effect upon council and an indirect influence upon the permanent staff. Continued apathy as reflected in repeated light votes opens the way for active well-organized minorities to seize control of the council. A heavy vote, on the other hand, while it may not change the membership of the council, does indicate a general rather than a special or sectional interest. This has an immediate effect upon the attitude of the council and is reflected ultimately in that of the permanent staff. Campaigns and slogans may have some temporary success in increasing the size of the vote or in defeating candidates representing their own or special interests. Yet what is really needed is not merely more voters, but more active citizens who have informed themselves of the issues involved by studying public reports, financial statements, and annual reports, on departmental operations. These reports, together with instruction in local citizenship, would lead to public discussion of local affairs instead of the usual election promises. This education of the citizen would necessarily be a long, slow process and would involve the use of many voluntary organizations, but "the only way to remove voting inefficiency", says Horace L. Brittain in *Local Government in Canada*, p. 132, "is to remove the causes, which can be done only through the efforts of the electors themselves."

Many councils suffer from lack of continuity in policy. Thus policies of zoning or town planning or parking regulations, to mention but a few, may be laid down by one council and changed or even abandoned by the next, often without sufficient reason being apparent. This tendency is particularly marked when council membership changes every year. To offset this lack of continuity in policy, many municipalities have abandoned the one year term in favour of the two or even three year term. Since most of these bodies have an overlapping term, the membership of the elected group is never completely different and there is always a residue of members of the previous body ready to defend or explain the pre-

vious decision and thus furnish some continuity. Overlapping terms of office do not eliminate the annual election with the resulting discussion of contentious issues. Even those whose term of office has not yet expired can benefit much by intelligent discussion of the issues at stake, and their conduct in the coming year is often influenced by the expression of public opinion in the election campaign.

The effectiveness of the permanent staff in carrying out the policies set by council will depend largely upon the ability of the elected members who appoint them, and thus, indirectly, upon the electors. No permanent staff, however efficient, can administer effectively a poor policy, and conversely an inefficient permanent staff may ruin a good policy. The efficiency of the municipal civil service is adversely affected if there is an undue increase in the number of departments in order to create jobs as rewards for superior ability, or if it is thought inadvisable to promote a man over the heads of people senior to him. Moreover if unrelated functions are put under the same department, or functions are split between two or more departments, there is bound to be friction, duplication, and waste. If all protective departments were placed under one head, all service departments under another, and all overhead under yet another, the machinery of municipal government would be greatly simplified.

By developing the principle that the permanent staff may give advice or present opinions only when asked to do so officially, the elected body often deprives itself of very valuable sources of specialized information and experience, thus reducing its own efficiency. Since local municipal problems are becoming more numerous and require more technical knowledge to solve, elected bodies are finding it necessary to call upon all possible sources of information including their own civil servants, and they are now looking for ways to tap this source of knowledge. They are beginning to realize that an appointed official who has spent thirty years in the service of the municipality may be just as public-spirited as an elected councillor and may have very valuable unbiased suggestions to offer.

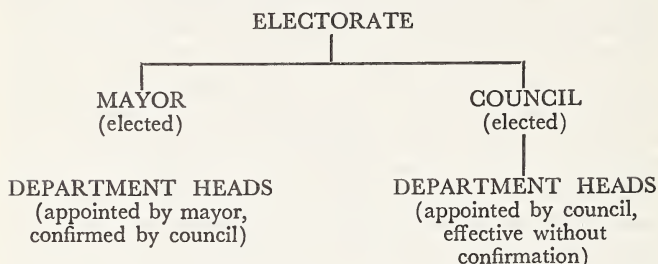
Still another device to combine efficiency with democratic control is the committee system employed by most elected bodies. It is a recognized fact that small groups bring out the points for discussion more expeditiously than do larger groups. This is the philosophy

behind the committee system. A small committee which does its work well and presents its report clearly will greatly speed up the business of the larger body, especially if it distributes its report beforehand to the members. But there are dangers in the committee system as used at present by many elected bodies. One of these lies in the practice of having all members of the council or board sit on each committee. This may result in much unnecessary wrangling, in careless work, and in poorly organized reports which can, however, be forced through the main body by a majority vote. Another practice which has evil results is the setting up of more committees than are needed to deal with the business. This often springs from a desire to give each member of the parent body the chairmanship of a committee. The chairmen are often chosen regardless of whether they have any special abilities as chairmen, or any special knowledge or experience in the field of work of the committee. These committees tend to produce much talk but little real discussion; they drag out rather than expedite the business of the parent body. Fewer small committees with carefully chosen chairmen and members would well repay the initial trouble by saving time and arriving at better decisions. Small groups or sections of the community having some special interest or scheme to promote often disrupt the business of the elected council or divert the resources of the community to unworthy ends. Effective committees would prevent this.

In addition to these limitations upon democratic control and efficiency, there are technical problems such as assessment, budgeting, the securing of extra revenues, and organization. The first three, with all their implications, form part of the financial problem. In attempts to reconcile democratic control with efficiency many municipalities, especially the cities, have organized along one of six main lines.

The most wide-spread form of organization in Canada is that of the Mayor-Council, which is found in some 90 per cent of the urban municipalities including such typical cities as London, Vancouver, and Winnipeg. The distinguishing characteristic of this type of organization is the centralization of legislative and executive power in the hands of the mayor and council, although various functions such

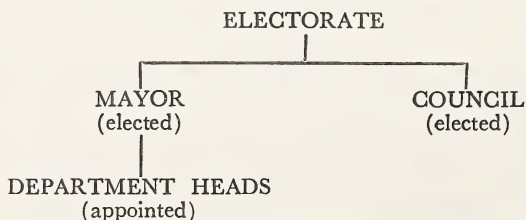
DIAGRAM SHOWING "WEAK MAYOR" TYPE
OF MUNICIPAL ORGANIZATION



as education, public utilities, welfare, and health, may be administered by separate boards. In the mayor-council organization the mayor has no separate power of veto over the council, nor has he any superior powers of initiation of policy or of appointment, though he has general supervision over the administrative departments.

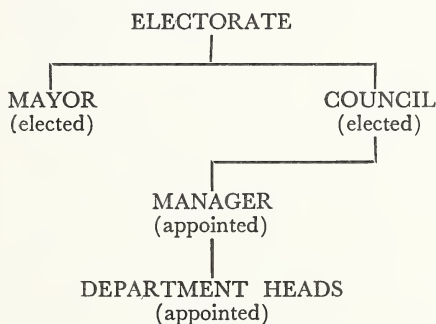
The Mayor-Board of Control-Council type of urban municipal organization is now found in Ontario alone. Quebec City and Montreal have a system of municipal organization known as the Mayor-Council-Executive Committee-Director of Departments type. The electors of a Mayor-Elected Commissioner-Council type, such as Calgary once had, elect a mayor, councillors, and commissioners. Calgary now has a mayor and two appointed commissioners and so, together with Edmonton, Regina, and Saskatoon, is classified as

DIAGRAM SHOWING "STRONG MAYOR" TYPE
OF MUNICIPAL ORGANIZATION



a Mayor-Appointed Commissioner type of organization. In this system, the appointed commissioners are administrative officials and do not decide policy, though they may advise councillors. They meet frequently with the mayor (almost like a little cabinet) to prepare business for council. The function of these commissioners closely resembles that of the city manager in such Council-Manager systems as those of Saint John and Woodstock in New Brunswick, Chatham and Niagara Falls in Ontario, Victoria, B.C., and Lethbridge in Alberta. The latter system is found in thirty-three cities and towns

DIAGRAM SHOWING COUNCIL-MANAGER TYPE
OF MUNICIPAL ORGANIZATION



in Quebec. In this Council-Manager type, the council is small and elected for a two or three year term, one-half or one-third retiring annually. The manager is appointed for a minimum of five years and may not be dismissed or demoted except for inefficiency. He is responsible to council for carrying out the council's decisions, and, within the civil service regulations, he alone has the right to employ or dismiss department heads. The manager, in consultation with department heads, prepares and presents the annual budget to the council for action. He makes regular monthly reports and can also make a special report on any matter which, in his opinion, warrants it or upon which council desires information.

CHAPTER XXVIII

SOME PROBLEMS OF THE SENIOR GOVERNMENTS

As has been pointed out in Chapter XXVII, local governments face many problems which have arisen as the result of the increased complexity of modern living and the changing concepts of the functions of governing bodies. These same two conditions have developed a number of problems both at the provincial and at the national levels. Widespread local problems together with sectional interests creating provincial jealousies have developed ever-increasing tensions in dominion-provincial relations. This is one of the major problems of the senior governments; its solution would appear to depend upon Canada's ability to amend her own constitution, and this is in itself another of the problems facing the governing bodies. Moreover, since the Senate no longer fulfils the functions for which it was designed by the Fathers of Confederation, there arises the question of its reform or abolition, and this would also require amendment to the constitution. During the war years emergency powers were granted to the cabinet, and now Parliament is intent upon taking these powers back into its own hands but is discovering the truth of the old saying, "Possession is nine points of the law." With the changes in social living and the new emphasis on industrial development, especially in the West, new parties have emerged with new and different platforms. This situation complicates and modifies parliamentary procedure with its governmental or majority party and its official opposition party or parties, and raises the further question of minority rule and of proportional representation. There are problems, too, regarding the judiciary and the legal rights of individuals as opposed to those of corporations. All these problems require careful study and thought upon the part of both citizen and political leader alike before any acceptable solution can be achieved.

THE PROBLEM OF DOMINION-PROVINCIAL RELATIONSHIPS

Every country operating under a federal type of organization faces problems of relationship between its central and provincial or state governments, and Canada is no exception to this generalization. As local problems such as unemployment relief in the 1930's, education, and municipal finance, became so general and widespread as to appear national in character, there arose the question of legislation upon them at the national level. But, as the Conservatives under R. B. Bennett found, the ruling of the courts that certain legislation was *ultra vires* could prevent federal action in any field not specifically assigned to the Dominion by the B.N.A. Act, even if that action were in the national interest. The report of the Rowell-Sirois Commission on Dominion-Provincial Relations set forth recommendations which, if implemented, would expand the powers of the federal government at the expense of the provinces. These would go far towards realizing the dream of a strong central government advanced by the Fathers of Confederation. But to put these recommendations into effect would require amendment of the B.N.A. Act. Any request to the British Parliament to amend Canada's constitution could come only from the Canadian Parliament and, since it has been the custom of the federal government to consult the provinces whenever it was felt that there might be strong provincial feeling, a Dominion-Provincial Government Conference was called in 1940 to discuss the recommendations of the Rowell-Sirois Report and to draft the amendments necessary to put them into operation. This conference, however, early made it abundantly clear that the provinces would agree to no loss of rights, and to nothing more limiting to their own powers than the single amendment (the only one ever passed to Sections 91 and 92 of the B.N.A. Act) giving the federal government the right to legislate on unemployment insurance. All other matters, being less urgent than the successful conclusion of the war, had to await further consideration at a later and more auspicious time. Thus the questions of the division of powers and of federal-provincial relations became merged into the still larger constitutional problem of the amendment of the written portion of the constitution.

Following up the 1940 amendment, which made provision for

federal control of unemployment insurance, the Canadian Parliament requested the British Parliament to pass an act giving the federal body the power to amend those provisions of the B.N.A. Act which affect the national government alone. This having been done, a Federal-Provincial Conference in 1950 met to examine the B.N.A. Act with a view to determining which sections could now be amended by the Canadian Parliament. This conference divided the 147 sections of the Act into six classes as follows: those having to do with the federal parliament only; those which concern the provincial legislatures only; those which involve the federal parliament and one or some of the provincial legislatures; those concerning the federal parliament and all provincial legislatures; those relating to such fundamental rights of the citizen as language and education; and those which are no longer applicable and should, therefore, be repealed. Since in 1950 only the first of these classifications could be amended by the Canadian Parliament, the Conference went on to set up a standing committee to examine and report on the method of allotting among the federal and provincial governments the power of amending each of the other types. The Amendment by "joint address" provides a very flexible constitution which those who advocated change in the method have often assumed would be continued. If the changed method results in a much more rigid constitution, it is possible that the apparent gain in national self-respect may be more than offset by an actual loss in flexibility. Because of the many different interests, ideas, and ideals, involved throughout the country, this problem is the most difficult, constitutionally, since Canadians solved the impasse of the 1860's by the confederation arrangement.

Meanwhile Federal-Provincial Conferences from time to time have led to agreements among the senior governments such as that reserving to the federal government alone the right to collect personal income tax. But these agreements often exist only as the result of some national emergency such as a war, and the central government has never been allowed to forget that they are the outcome of provincial goodwill and co-operation. When the emergency has passed, this provincial goodwill and co-operation has a tendency to dissipate. Thus in 1954 the province of Quebec chose to reenter the field of personal income taxation. This the federal government,

in the face of strong sectional feeling in Quebec, has been powerless to prevent. Any understanding reached between Ottawa and Quebec will probably be the subject of the next Federal-Provincial Conference at which the terms of the agreement will be closely examined by other provincial governments in the light of their own interests and ideas. So the tension grows and the working out of a solution to the problem becomes more urgent.

Though the courts ruled that five out of eight of Premier Bennett's 1934 acts were *ultra vires* in that they dealt with matters which were subjects of provincial jurisdiction, they issued no such judgment in 1940, when the federal government passed legislation going much further than did the 1934 acts in controlling prices, trade, and marketing. But in 1940 the country was in the grip of a national emergency, at which time the federal government's powers under the Wartime Emergency Powers Act "to make laws for the Peace, Order and Good Government of Canada" are always interpreted very broadly by the courts, while the provincial legislatures have to submit to seeing their powers greatly restricted. It would appear that the courts interpret the provincial jurisdiction over property and civil rights very broadly in peacetime allowing no infringement by the federal Parliament, but in time of war the reverse is true and the powers of the federal government, reduced to a minimum in peacetime, are then supported by court decisions. In general, one expects some restrictions upon individual rights during a time of national emergency, but the contrast between the peacetime and wartime powers of the federal government to legislate for the whole nation is so marked as almost to amount to two different constitutions. This condition is not satisfactory, especially when it is difficult to determine just when a situation has ceased to be an emergency.

Many Canadians, too, are persistent in their demands that the Dominion take action to relieve them of some of the burden of taxation by itself assuming at least fifty per cent of the costs of education and by making appropriate grants to public health services and to municipalities. This is the same problem on the national level as that which confronts a provincial government when it is asked to come to the financial assistance of a municipality, but in this case a constitutional barrier must also be surmounted. For in

addition to the dangers of federal inspection, supervision, and interference, there would arise the very real possibility of the courts ruling against such federal action in fields of provincial jurisdiction. According to the constitution also, the federal government cannot spend money on matters which are declared to belong to the provincial sphere of legislation.

There are other aspects of this same difficulty. For instance, Canada has sometimes been unable to ratify international agreements on such topics as labour because these have affected matters under provincial jurisdiction, and as such have required the unanimous consent of all provincial legislatures. Then, too, the federal government, when it has been unable to pass national legislation or has been thwarted by court interpretation of the validity of its legislation, has sometimes had to resort to attempts to persuade all provinces to enact similar legislation upon a subject. This device is rarely successful, for even if all provincial legislatures do co-operate, the acts are seldom uniform and the diversity from province to province often creates injustices and certainly brings about inequalities.

Many of the original devices to give the federal government the upper hand in legislation have gradually died out or have become non-operative. The office of Lieutenant-Governor has seldom been of much practical importance in resolving the differences between Dominion and Province, while the disallowance of provincial legislation has created so much ill-will that it has not been a very satisfactory method of control. The last time it was used was in 1937-1943 when eleven acts passed by the Social Credit Government of Alberta were disallowed. Some other solution is therefore desirable.

SENATE REFORM

When the Fathers of Confederation drafted the B.N.A. Act, they set up a Senate, named after the American Upper House and having one of that body's functions—that of checking or restraining sectional legislation. Unlike the American Senate, the original 72 Senators in Canada were appointed, and it was hoped that they would function somewhat as did the House of Lords in the British Parliament, by checking and revising impartially and non-politically all legislation where necessary. It was thought that appointment for life would give them a security and leisure denied to the elected

representatives in the House of Commons and that, being older men and property owners, they would act as a brake upon too hasty legislation. Unlike the elected American Senate, however, the Canadian Senate would be definitely subordinate to the lower house.

Such was the dream, but the reality has been somewhat disappointing. Because the Senate is an appointed chamber not elected by, or representative of, the tax-paying citizen, it may not initiate money bills. It has often done honest work in revising legislation passed hurriedly through the Commons, but it has been hampered in this function by the attitude of the lower house. Whenever friction has developed between the Senate and the House of Commons, it has usually been after a change of government in a general election and has not been taken too seriously by the Commons. The Senate has rarely stood out resolutely against the clearly expressed will of the elected representatives. The Commons, too, are aware that as Senators die the new appointments made by the government of the day will wipe out any adverse majority in the Senate. The Canadian Senate has not been an effective or impartial check upon sectional legislation, because the grouping of less populous provinces to balance the more populous ones gives roughly the same proportion of representation in the Senate as in the Commons.

Some Canadians, therefore, sometimes regard the Senate as a fifth wheel to the coach of state. Some feel that it should be abolished altogether, and in support of their view they point out that all provincial legislatures except that of Quebec are unicameral and yet are effective. They forget that there are checks of disallowance applicable to provincial legislation whereas there are no such controls over federal acts. Others would retain the Senate with its 102 members but would give it greater significance by assigning it definite fields of jurisdiction. They would also change the representation in such a way that the Senate would fulfil one of its original purposes—that of restraining sectional legislation. Some advocate changing appointment for life to appointment for some definite term of office. All these would-be reformers see a definite advantage in having a second chamber whose members, being freed from the hurly-burly of the political arena and the election campaign, have greater leisure than is possible for the elected representatives. But

they feel that reforms are necessary if the Senate is to achieve the dignity and effectiveness its designers intended.

THE JUDICIARY

In Canada, as in Britain, all law courts operate in the name of the Queen and the same principles of justice apply to all subjects and cases. Thus all citizens may choose trial by jury; all have the right of *habeas corpus*; all are equal before the law; and all judges are independent and impartial. But in Canada the courts, unlike those in Britain, are often called upon to determine whether or not a legislature which has passed a law actually had the right to do so. The British Parliament, being sovereign, can pass any law; but in federal states there are two legislative authorities and sometimes one or other of these bodies does exceed its powers and its acts are then declared by the courts to be *ultra vires*. Canadian courts also differ from both British and American courts in their organization. British courts enforce laws passed by the British Parliament, and these apply to the whole of the country. In America there are two distinct series of courts, federal courts for federal laws and state courts for state laws. In Canada there is no such separation of courts corresponding to the division of legislative powers. Thus there are only three purely federal courts—the Supreme Court, the Exchequer Court, and the Admiralty Court. The Supreme Court, created in 1875, is now the highest court of appeal for civil and criminal cases. It also has advisory functions, for both the federal and provincial legislatures may appeal to it concerning the constitutionality of any private bill. It is this court also which hands down rulings on the validity of acts. The Exchequer Court, created in 1887 out of the Supreme Court, hears cases involving the revenues, property, or other interests, of the Crown. The Admiralty Court, set up in 1891, is the Exchequer Court when hearing cases arising out of navigation and shipping in Canadian waters.

Most of the courts in Canada are provincial since they are created and regulated by provincial legislation. They interpret and apply the laws passed by the provincial legislature and all laws that are binding in Canada—statutes of the federal government, some statutes of the British Parliament, common law and equity, and the

by-laws of municipalities. Their procedure in criminal cases is fixed by federal law and their judges are appointed and paid by the federal government.

There are three types of provincial courts, classified according to their authority. First, there are the inferior courts presided over by justices of the peace or, in towns and cities, by paid police magistrates, both being appointed by the Lieutenant-Governor on the advice of the Attorney General. They deal quickly and cheaply with minor disputes and offences in a limited area. This type of court is modelled upon the ancient English county official, the Justice of the Peace and the later stipendiary magistrate, neither of whom needs legal training to do the work, but from whose ruling appeals may be made to a higher court. Second, in Alberta, are the District Courts which are provincial creations and are presided over by a judge appointed by the federal government. Each judicial district in the province has a District Court to hear appeals from the inferior courts, and to try all but the most serious criminal offences. Since District Courts do not use juries, the consent of the accused in criminal cases must be obtained before he can be tried by these courts. When District Courts are employed in probating wills, the presiding judges are paid by the province. Third, there is the Alberta Supreme Court, modelled after the British pattern and divided into two Divisions, the Trial and the Appellate, each presided over by a chief justice and five and four puisne judges respectively. The Trial Division holds sittings in the judicial divisions of the province. It can grant divorces and may hear all cases, criminal and civil, with which the lower courts cannot deal. The Appellate Division hears appeals from the lower courts or from the Trial Division and sits only in the larger population centres. In the past, appeals could be made from the Appellate Division to the Supreme Court of Canada or directly to the Privy Council, but in 1949 appeals to this latter body were abolished except in cases where judgment is pending. Alberta like most provinces has also set up Juvenile Courts to deal with the wrong-doings of minors.

These are the courts which, in Alberta, try cases and hand down judgments based on two fundamental human rights—the right to a fair trial and the right of an accused person to be considered innocent until he is proved guilty. Thus it is the task of the prosecu-

tion to prove the guilt of the accused and there are many safeguards of this right both before and during the trial.

There are, however, a number of problems regarding the modern administration of justice in Canada. With the entrance of some governments into the field of industry, there arises the question of procedure and legal theory in the case of a dispute between a Crown company and an individual. The old ruling was that the Crown could not be sued, but a change in this outlook is necessary as more and more state-owned and state-operated industries come into being.

More serious, perhaps, because more insidious, is the case of the individual citizen as opposed to that of the large corporation, particularly in the matter of property rights. In spite of all the safeguards of appeals and so on, the individual is at a disadvantage when contesting a legal point with a wealthy organization. The principle behind his contest may be worth the cost but he may feel that the specific instance is not.

Canadians are becoming more and more concerned about the recent increase in crime. If, as may be the case, there is actually more crime in proportion to the population figures than there used to be, there are many possible reasons for the increase. It may be attributed to the inadequacy of existing laws, or to new laws that are passed, or to the fact that penalties are too lenient or too severe, or perhaps to a growing indifference towards, and even contempt for, the old law-abiding traditions. Another harmful factor is the indifference to the law—sometimes amounting to antipathy—of the citizen who, after witnessing a breach of the law, refuses to give his name for fear of being summoned to court to give evidence, or who does his best to avoid jury duty.

Judges, courts, laws, prisons, police, and penalties, including the death penalty, are all subjects of discussion today, as they should be. But officials and systems, however good in themselves and however good the work they do, are not enough to ensure the proper functioning of the law. Unless they have the active co-operation of citizens, and unless the criticism levelled at them is constructive and is based upon the tradition of the rule of law, neither officials nor systems can continue to play their part as the bulwarks of democracy.

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